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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

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USSR REPORT
CONSUMER GOODS AND DOMESTIC TRADE

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

FACTORS ENHANCING GROWTH RATE IN GOODS MANUFACTURE ANALYZED

Moscow PLANOVYE KHOZYAYSTVO in Russian No 1, Jan 85 pp 21-29

[Article by M. Darbinyan, division chief of the USSR Gosplan, doctor of economic sciences: "The Role of the Plan in Providing for Growth of the Production of Consumer Goods"]

[Text] One of the characteristic features of socialism is the constant improvement of the well-being of the people. The development of all public production is devoted to this task.

An important condition for raising the standard of living of the population is growth of retail commodity turnover. The population realizes a considerable part of its monetary income--more than three-fourths--through purchasing goods in the retail trade network. An increase in retail commodity turnover presupposes not only an increased volume of production of goods, but also the improvement of their structure: updating the assortment, improving the quality, raising the technical level, making sure that the goods produced meet the demands of the population, and so forth.

In recent years and at the present time there are certain difficulties in fulfilling the plans for retail commodity turnover. In 1982 and 1983 we did not provide for the necessary increase in the sales of goods, and therefore the plans for commodity turnover were not fulfilled. At the same time the plans for the production of goods were fulfilled by the overwhelming majority of industrial ministries and departments. Because of this commodity supplies in retail and wholesale trade and also in industry increased in volumes greater than those planned. During the aforementioned period retail commodity turnover increased by 6.9 percent in the volume of commodity supplies in retail and wholesale trade and industry increased by 21.1 percent, which shows a slowing up of the circulation of funds.

One of the most important reasons for the increased commodity supplies in volumes in excess of the plans is the lack of correspondence between the supply, volume, assortment and quality of the goods that are produced to the demand of the population, which arises primarily because of the insufficient effectiveness of the economic mechanism which is called upon to provide for this correspondence.

In a socialist society the correspondence between supply and demand should be provided primarily not by measures taken during the sale of the goods to the population (not by the "trial-and-error" method), but before production--as early as the stage of planning, and it is stimulated during the course of the fulfillment of plans for the output and sale of goods. In a socialist society there are objective conditions for this--the possibility of planning production (the output of necessary goods, the creation of the corresponding capacities) and monetary incomes of the population, planned price setting and the formation of other elements (psychological and others) which determine the condition of the market for goods in terms of volume and structure, and its development. Herein lies one of the most important advantages of the socialist method of management.

But the existing economic mechanism sometimes does not properly stimulate the increase in the production of goods, does not economically motivate enterprises in trade and industry to increase them, and does not yet fully provide for a correspondence between supply and demand. There are shortcomings in the planning of the output of goods, their assortment and their deliveries, and also in the organization of economic interrelations between trade and industry, which should stimulate an improvement in the assortment, the creation of new goods, and so forth. These shortcomings have come to be manifested especially strongly when increasing the volumes of commodity turnover and eliminating the shortages of many kinds of goods.

The growth of the production of consumer goods, the normalization of the market and the elimination of the shortage are creating prerequisites for improving the economic indicators of the work of trade and industry, which is being conditioned by the expansion of the assortment of goods that are produced, the improvement of their quality and, in the final analysis, by the growth of sales and the increase in profit that is obtained.

It would seem that under these conditions trade and industry should be interested in increasing the plans for the production and retail commodity turnover, perfecting the assortment of goods that are produced, improving their quality, streamlining the organization of sales, the commodity supply system and advertising, and so forth. And the plans would be developed not on the basis of the existing demand, but on the prospects for its development, social demands, keeping in mind not only complete satisfaction of the latter, but also their expansion, the formation of new ones, and so forth.

But this does not always take place in practice.

In trade the growth of commodity sales and the increase in their assortment leads to an increased volume and level (in days of turnover) of supplies and brings about the need to expand the trade network, the space in stores and warehouses, to improve advertising and so forth. Moreover, there is also an increase in seasonal differences in sales of the same goods, which requires that they be accumulated and the corresponding supplies of them be created, while when there is a shortage these goods would be sold at any time of the year. The study of the demand of the population and commodity supply becomes more complicated. Greater demands are made on the qualifications of trade workers.

At the present time trade cannot always solve these new problems. Frequently there is no economic incentive to conduct the corresponding measures. Improvement of the work of trade involves increasing expenditures on wages, advertising, commodity supply, storage of goods, and rental of new warehouse facilities. It is necessary to have more funds for marking down goods for season sale. Additional capital investments are also necessary and outlays on circulation increase. All this frequently leads to a reduction of profit and a deterioration of the economic indicators of the activity of trade organizations and enterprises in the event that they do not provide for the corresponding rapid growth of the sale of products.

The situation is also complicated for industry. The existing market conditions in trade and the need for increased sales of goods under the conditions of a saturated market and for fuller satisfaction of the needs of the population bring about increased requirements on the assortment and quality of the goods that are produced, their prompt delivery and so forth. Meeting these new requirements in industry also involves additional capital investments, outlays for production, and a certain amount of risk, since the expenditures may not be recouped. Moreover, in the event that additional profit is obtained from the output and sale of a larger quantity of goods, in keeping with the existing policy for transferring the so-called free residual profit into the budget, is primarily deposited in the budget, which does not stimulate the production of consumer goods either.

Moreover, frequently expansion of the assortment of goods and the output of new kinds of them even deteriorates the economic indicators of the industrial enterprises and organizations if at the same time they do not provide for a considerable growth of the output and sales of goods.

Methods of evaluating their economic activity do not contribute to increasing the economic incentive for implementing the new tasks facing trade and the corresponding branches of industry either. This evaluation is carried out, as a rule, according to the level of fulfillment of plans, and it does not sufficiently take into account the difficulty of the plans, the growth of the volume of the goods that are necessary to the population or the degree of satisfaction of the needs. This does not stimulate the growth of the production of goods since in the current year the increased volume becomes a base for calculating the plan for the next year and therefore the enterprises and trade organizations are not motivated to adopt difficult plans or to significantly overfulfill them either.

For example, in 1981 light industry produced 11.0 billion cubic meters of all kinds of fabrics, 2 percent more than in the preceding year. But the plan for the production of fabrics was not fulfilled, as a result of which the ministry was subjected to justified criticism when summing up the results of the fulfillment of the plan. In 1982 the output of fabrics increased by only 1 percent as compared to 1981. The plan was fulfilled, and it was even overfulfilled for the production of linen fabrics. The enterprises and ministries received bonuses, gratitude and so forth. Yet the plans for production of these kinds of fabrics were less than the actual demand for their production in the preceding year, and the demand for many kinds of

fabrics, including cotton, was not satisfied. In our opinion, even the very fact of the reduction of the output of goods which are in great demand should be evaluated as a shortcoming in the work, regardless of whether or not the planning assignment was fulfilled.

Thus when the production of consumer goods is increased, their assortment is expanded and the market is saturated with them the tasks of both industry and trade change significantly. The possibilities of improving their economic indicators can be realized only with a mandatory condition--increased sales of goods. To do this it is necessary, in addition to increasing the production and increasing the demand of the population, to develop the material and technical base for trade--the network of stores, warehouses, refrigeration facilities, and commodity storehouses, to improve the work of transportation, to industrialize commodity supply and, in the final analysis, to increase to a certain degree capital investments, equipment, and material, labor, financial and other resources that are invested in the sphere of circulation.

All of these issues must be resolved comprehensively, for otherwise certain difficulties can arise when selling goods and in the process of production, and the reduction of the growth rates of the sale of goods and their production can lead to the formation of another shortage.

Under these conditions industry must create in the market a "pressure" of supply on demand--a situation in which, in the figurative terms of K. Marx, "supply takes demand by force." This is a necessary prerequisite for increasing the sales of commodities and expanding the assortment. But at the present time industry is frequently guided not by social needs, but by its own interests--the level of profitability of the products that are produced, the labor-intensiveness of their manufacture, and so forth. Desiring to avoid the risk related to the output of new goods, the enterprises are extremely slow in restructuring themselves for the output of fashionable new goods and delay removing the old ones from production.

Trade, in turn, is not always the representative of the interests of the consumers. Guided by its own narrow economic interests and not desiring and frequently not able to overcome the difficulties that arise during work under the conditions of a market saturated with goods, trade does not contribute to increasing the production of goods.

Frequently the "interests" of industry and trade coincide under these conditions and they suggest reducing the production plans. Or more frequently trade refuses to accept certain makes or models of goods, and industry at the same time reduces the overall volume of production of this group of goods. But in order to improve the demands and to satisfy them more and more completely it is necessary not simply to remove outdated models of goods from production, but to replace goods which are not in demand with other new goods for which there is a demand.

A reduction of the production of goods facilitates the work of trade organizations since with a limited assortment of goods it is easier to study the demand of the population, it is simpler to organize commodity supply, outlays for circulation are less, and so forth. A reduction of the production

volume is also "advantageous" for industry since in this case the enterprises, as a rule, have all of their other plan indicators adjusted as well, including financial ones, and thus it is easier to fulfill the plans.

The situation that has taken form in the production and sale of refrigerators can serve as a typical example. Under the 9th and 10th Five-Year Plans the saturation of the trade network with these items for household use increased significantly. During 1971-1975 their production (in physical indicators) increased by 35 percent and their sales--by 28 percent--but the level of supplies in days required for circulation increased 3.1-fold. Under the 10th Five-Year Plan before 1978 the sale increased (by 5 percent) and then the rates dropped somewhat, and in 1980 this indicator amounted to 101.8 percent of 1975. In connection with this the increase in production slowed down and amounted to 6 percent during the 5 years, and the market supplies were 3 percent. Supplies increased 2.6-fold.

In 1982 the sales continued to drop as compared to 1980 by 5.4 percent, the supplies stabilized, and the production and the corresponding market supplies decreased. Then the level of provision of the population with refrigerators reached 90 per 100 families in 1983 as compared to 43 per 100 families in 1970. Trade orders also began to decrease.

Thus one might think that in terms of the overall volume the sales of refrigerators stabilized during 1977-1978. But the overall demand of the population for refrigerators was far from fully satisfied (the normative of efficient provision amounts to 112 per 100 families), and this was especially true of the demand for individual kinds of refrigerators. We will have to do a large amount of work which is perhaps even more difficult in order to increase the sales of refrigerators under the new conditions, to stimulate the demand of the population (purchases) to replace existing refrigerators, and also to replace the production of obsolete models with more modern ones, which have new consumer qualities, better overall quality, and so forth. In our opinion, trade and industry are not carrying out this work actively enough. At the beginning of the 1970's there was a marked tendency toward increase in the demand of the population for refrigerators with a capacity of 200 decimeters and more. It would seem that this should have motivated the industrial enterprises and above all the head ministry for producing refrigerators--the Ministry of Machine Building for Light and the Food Industry and Household Appliances--and also their enterprises to immediately revise their plans for production and to change the types of refrigerators that are produced, their capacities, their production technology and so forth.

Certain changes were made in the assortment of these goods at the beginning of the 1980's, but they were not sufficient to fully satisfy the demand. This is explained to a certain degree by the fact that the ministries, departments and enterprises were not economically motivated to replace the models of refrigerators they were producing since this involved additional expenditures, and the necessary measures were not taken to arrange for the output of new kinds. The more so since, because of a certain shortage during that period, the old models of refrigerators were in sufficiently high demand. The efforts of the ministries and the enterprises were directed along a more customary

channel--toward increasing the volume of output as a result of already assimilated kinds of refrigerators.

But at the beginning of the 1980's the demand for obsolete models of refrigerators dropped considerably and it became impossible to produce them further. The supplies of the refrigerators increased. This complicated the position of several ministries and their enterprises. The removal from production of refrigerators for which there was no demand meant a reduction of the overall volume of their output. But the replacement of the models involved reconstruction of production, which required time, but this had already passed. This placed both the ministries and the enterprises in difficult financial conditions.

In recent years at wholesale fairs trade organizations have begun to refuse to purchase a considerable proportion of the refrigerators for which there is a limited demand. As compared to the quantity offered by industry the refusals on the part of trade organizations to purchase refrigerators amounted to: for 1983--475,000, and for 1984--414,000.¹

Frequently, after the end of wholesale fairs, because of the lack of demand for the given models of refrigerators, by mutual agreement trade and industry have reduced the plans for the production of refrigerators instead of envisioning replacing the outdated models with new ones. As a result, the shortcomings in the work of industry with respect to producing modern refrigerators and the underutilization of the existing production capacities have not affected the evaluation of their activity.

A similar situation has taken form with the production of electric razors: high, unjustified trade orders, and then a sharp reduction of them and, correspondingly, a reduction of the plans for production under conditions in which there are unutilized production capacities, and not all of the models and makes of the products that are produced meet modern requirements. One could give many examples like this.

Thus the existing system of orders and the practice of planning do not stimulate the improvement of production, the output of new commodities or fuller satisfaction of the demands of the population, and they do not preclude the possibility of the appearance of a shortage in the future. Reducing the orders to the volume of goods that are already purchased and bringing production plans in line with the orders only create the appearance of full satisfaction of the needs, and, moreover, the incentives for improving production and producing new kinds of products are weakened. One does not provide for the "pressure" of supply on demand. There are fewer possibilities of increasing the demand, especially the demand for replacing items which the population already has.

Yet the economic mechanism of interrelations between trade and industry and the system of planning indicators of the ministries, organizations and enterprises should automatically motivate them to remove outdated items from production and to produce modern ones, and also to provide for interest in increasing the production and incentives for promptness in this activity. The corresponding measures should be mandatorily envisioned in the plans. It is

necessary to increase the responsibility and the motivation of enterprise managers, engineering and technical workers and the collectives for the fulfillment of these measures and for the results of economic activity. Evaluation indicators of the work of the ministries, associations and enterprises and the bonuses for the workers should depend on the implementation of measures for the output of new items.

The existing situation in the interrelations between trade and industry and the tendencies that are being manifested in them toward reducing production plans for certain commodities instead of replacing them with new kinds cannot be regarded as normal. These tendencies should be opposed by planning agencies, including central ones. But this does not always take place. In a number of cases suggestions are accepted from industrial enterprises regarding reducing production plans or, when developing annual plans, taking into account trade orders, they envision incomplete utilization of production capacities, which leads to a reduction of the growth rates of production. As a result, the improvement of the well-being of the people slows up and the possibilities of satisfying the needs of the population deteriorate.

It was noted at the November (1979) Plenum of the CPSU Central Committee that "the USSR Gosplan does not always properly counteract the pressure of departmental and local interests, which weaken the force of the plan and impede proportional growth of the economy," that they must "exhibit greater firmness in defending state interests."² This instruction pertains also to the practice of planning consumer goods.

The existing economic mechanism for interrelations between trade and industry the plan is the most important economic instrument for providing for growth of the output of consumer goods and stimulating this process. The influence of the plan should be directed not only toward satisfying the demand of the population, but also toward achieving complete satisfaction of social needs in keeping with the norms of rational consumption.

All this, of course, does not eliminate the need for regulation of monetary incomes of the population and the structure of their expenditures, planned price setting and other measures for forming the demand of the population in keeping with social needs and the capabilities of production. But here one should ensure priority of the plan, especially when developing long-term plans for the economic and social development of the country and also comprehensive programs for increasing the production of consumer goods and raising the standard of living of the population. Consumer goods should be produced in keeping with the production plans, which reflect the effect of the law of planned proportional development and have been drawn up on the basis of the real conditions for the development of production (existing capacities, plans for their start-up, raw material resources and so forth), the growth of the monetary incomes of the population, improvement of social needs, the development of the material and technical base of the sphere of circulation, and so forth.

Plans should not be "fitted" at the suggestion of industry or trade and they should not be adjusted according to their suggestions. On the contrary, the plans and the system of stimuli which provides for their fulfillment should

motivate industry and trade to search for ways of actually improving their work--removing from production products for which there is no demand, improving the quality of their goods, producing new kinds of them, and so forth. Then the only method whereby the ministries will be able to achieve high indicators will be to fulfill the plans. The level of earnings of a considerable proportion of the workers of the corresponding branch will also depend on this, which will undoubtedly motivate them to increase the output of goods which are in demand among the population.

In order to increase the motivation of industrial enterprises to produce new goods or to produce goods with considerably better consumer qualities, it is necessary to establish an increment to the price for quality and innovation which is more significant than the one that is currently in effect for goods with the sign "N" ("innovation"), and to increase the part of the income from this increment which remains at the disposal of industrial and trade enterprises.

An important means of increasing the responsibility for the stability of trade orders should be 5-year agreements between main administrations of the USSR Ministry of Trade (wholesale offices of the ministries of trade of the union republics) and the associations (main administrations) of industrial ministries. The need to develop these was envisioned by the decree of the CPSU Central Committee and the USSR Council of Ministers concerning improvement of planning and the economic mechanism of 12 July 1979.

In spite of the fact that 4 years have passed since the adoption of the decree, on the whole these agreements have not yet become properly widespread.

In our opinion, in order to provide incentive for concluding these agreements, it would be expedient to envision priority allotment of raw and processed materials for the manufacture of goods that are envisioned in the agreements and to introduce into practice the development of plans for concluding these agreements and the corresponding accountability.

The responsibility for the shortage should be placed on the USSR Ministry of Trade and the corresponding union republics if a 5-year agreement has not been concluded for the output of the commodity which is in short supply, or on the industrial ministry if it has not provided for the fulfillment of an agreement that has been concluded.

At the present time, with the existing policy for the development and publication of plans and the coordination of the assortment of goods that are produced, industry and trade have the possibility of avoiding increasing the volumes of plans or not fulfilling them on "legitimate" bases.

Specifically, in industry in recent years there has been a certain spreading of the practice of incomplete "distribution of plans" among the enterprises, which in essence means not informing the industrial enterprises of the full volume of planned assignments that have been established for the branch or ministry. This practice has become especially widespread in the Ministry of Light Industry, although this is a violation of elementary planning discipline and the most important principle of planning--the directive nature.

Trade, in turn, also frequently contributes to reducing the production volumes through the mechanism of wholesale trade fairs.

The conducting of wholesale trade fairs is preceded by a large amount of preparatory planning work. Drafts of plans are developed for the production of consumer goods in interconnection with the raw-material, processed-material and financial resources, production capacities, and so forth. Specific suppliers and purchasers are earmarked in order to provide for efficient economic ties, to minimize transportation expenditures and so forth. It is assumed that at wholesale trade fairs during the course of the coordination of the assortment its optimal structure will be revealed, as a result of which they will provide for the output of the goods that are necessary to the population, and high quality of these goods, and the right of trade to refuse to purchase goods that are not needed by the population within the limits of the overall planned volume of them should motivate industry to produce the necessary kinds, makes and models of goods.

But in practice trade frequently underpurchases a certain quantity of goods, sometimes on the basis of the existing demand of the population, and industry refers to the impossibility of offering other goods because of a lack of resources, as a result of which both sides suggest reducing production which, unfortunately, is sometimes done in spite of the fact that frequently the demand of the population for the given good, although it is satisfied fully in terms of volume, is not satisfied for individual makes, models or fashions of it, or the consumption of it is at a level lower than that recommended by the norms for rational consumption.

This situation arises primarily because during the period before the trade fair orders are not submitted for trade or they are submitted at times that do not leave enough time to produce the models of the goods that are ordered. Most frequently the reasons for this are organizational shortcomings--tardy notification of enterprises and organizations in trade and industry of the plans for the distribution of commodity resources, market supplies, and the system for assigning purchasers to suppliers, as a result of which trade organizations do not manage to submit orders promptly before the beginning of the trade fair. Thus trade is deprived of a most important instrument for influencing industry and a means of ensuring that the assortment of commodities needed by the population is in the retail trade network.

It seems incorrect to us that certain economists suggest forming production plans for industrial enterprises--volumes of goods earmarked for production--according to the results of wholesale trade fairs or even to allot industry raw and processed materials, financial and other resources according to these results. The suggestion to grant the trade purchaser the right to select the supplier at will is also unacceptable.

The economic relations between trade and industry have been organized in such a way that they do not stimulate a constant increase in the plans for production and retail commodity turnover, and therefore refraining from centralized planning of this increase would mean a retardation of the

development of production and a reduction of the effectiveness of the utilization of the existing production potential.

Industry (enterprises, associations) cannot and should not conclude agreements without having plans and funds for raw materials, processed materials and labor resources. The fulfillment of these agreements would not be guaranteed since the enterprise could fail to receive the corresponding resources. Or, in order for these agreements to be realistic, the enterprises should have very large reserves beforehand, which would mean, in essence, a freezing of significant resources and would lead to a reduction of the growth rates of the economy. It is also necessary to provide for a planned assignment of the suppliers to the consumers and an elementary planning policy in establishing economic ties for streamlining these ties, minimizing transportation expenditures and forming an assortment of goods in keeping with the demand.

It is necessary to envision a certain amount of time for submitting trade orders, and to do this wholesale trade fairs should be held somewhat later than they are at present--approximately in July or August. This will make it possible for the suppliers to present models of the items in keeping with the trade orders and for the latter to select the goods within the limits and in keeping with the submitted orders.

But, in our opinion, one should not exaggerate the possibilities of wholesale trade fairs. Under the conditions of socialism, which develops on a planned basis, they are an instrument for concretizing the assortment of goods. This assortment is coordinated within the framework of the established structure of economic ties and within the limits of the volume of planned commodity resources, that is, taking into account the existing production capacities, the consumer funds of the population, the capacities for receiving, processing and selling the goods, warehouse capacities, the network of stores and so forth. As a result, possibilities are created for developing annual plans of production enterprises, taking into account the assortment of goods coordinated at the wholesale trade fair. But the volume of deliveries should be established by planning documents. In this case we are proceeding from the presumption that these plans, as was pointed out at the 26th CPSU Congress, should absolutely be realistic and balanced.

The market mechanism, including the mechanism for wholesale trade fairs, is a form of additional checking on the correspondence of goods planned for output to the social needs (specifically the needs, and not only the demand), a means of realizing the plans that have been developed and making them more detailed. Therefore it is wrong to juxtapose them to plans.

From the results of wholesale trade fairs one cannot determine the volumes of goods necessary for satisfying the demands of the population even 1-1.5 years in advance since these demands depend on the level of development of the economy, the growth of the income of the population, the increase in public consumption funds, the level of prices and many other factors whose influence is not manifested at wholesale trade fairs. These factors can be taken into account only in the plans. But purchases at trade fairs are frequently made under the influence of the market conditions of the given moment and the subjective opinion of individual trade workers, and they depend on the level

of knowledge of these workers, on the "psychological climate" at trade fairs and many other factors which do not always have an objective basis and are difficult to subject to purposive formation.

Adjustment of the volumes of the production plans according to the results of trade fairs would mean reducing to nil the large amount of work that is conducted by management and planning agencies in the stage of development of the plans for searching out raw material resources and maximally utilizing production capacities. Thus, in essence, the role of the plan is reduced. It is made dependent on the interests of individual industrial enterprises and trade organizations which, in our opinion, is wrong under the conditions of the social method of management.

In the event that industry and trade have not coordinated part of the assortment of goods that are to be delivered in the planned production volume, this overall volume should not be reduced. The "volume of goods planned for delivery which is uncoordinated according to assortment" which is envisioned in the plans for industry should motivate the enterprises to improve production, produce new kinds of commodities, and improve their quality, and it should motivate trade to increase its influence on this process. Trade's motivation here will be determined also by the fact that the resources for producing the planned volume of commodities (market funds) have already been taken into account in the commodity provision for the planned retail commodity turnover, and the fulfillment of the indicator of retail commodity turnover--the main indicator where the development of trade--is possible only with the sale of these resources.

FOOTNOTES

1. See: KOMMERCHESKIY VESTNIK, No 20, 1982, p 10; No 18, 1983, p 9.
2. "The Communist Party of the Soviet Union in Resolutions and Decisions of Congresses, Conferences and Plenums of the Central Committee," eighth edition, supp., Moscow, Politizdat, 1981, pp 516-517.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

NEW MARKETING TECHNIQUES TO IMPROVE SALES IN BELORUSSIA

Moscow IZVESTIYA in Russian 2 Jan 85 p 2

[Article by K. Terekh, deputy chairman, BSSR Council of Ministers: "What Trade Can Do"]

[Excerpts] I inquired of G. Gonchar, chairman of the executive committee, Mozyr' city Council of People's Deputies, how they managed to find and put into operation so many and such a wide variety of reserves.

"This is what we did", said Grigoriy Fedosovich: "We took a look at all the enterprises in the city, without exception, to see what sort of sub-standard articles and industrial wastes they had. And for trade we opened a special store called 'Sdelay Sam' [Do It Yourself]. Trade resources were found by even those enterprises who previously had no idea that they could take part in trade".

The search turned up the fact that in a comparatively small city the additional resources accumulated are worth almost 300,000 rubles per year. And this is only the beginning. Preliminary analysis shows that with the active participation of all interested organizations and enterprises in this work, for the republic as a whole resources worth from 10-15 million rubles per year can be brought into the goods turnover.

And it is just for this reason that the Presidium of the BSSR Council of Ministers, in its decision, directed all oblast executive committees and the Minsk gorispolkom, as well as Mintorg [Ministry of Trade] and Belokoopsoyuz [Cooperative Union of the Belorussian SSR] to make wide use of the experience of the Mozyr' gorispolkom. Today there are already 15 stores and 49 departments operating in the republic. Our market is being filled more and more with consumer goods. But the demand of the populace is also growing steadily, as well as the demand for quality--especially if one considers rapidly-changing fashions and other factors. Under these conditions it is especially important to conduct a thorough and efficient study of consumer demand, and for trade to make realistic orders to industry on this basis. Quite a bit has been done in Belorussia on this question recently. A system of stores and information centers has been set up in the cities of the republic, and company trade sections have been opened which provide up-to-date information on the state of demand for various goods. For example, for goods from light industry, there are 54 stores with information centers and 21 sections for company trade.

Reviewing the goods and subsequently organizing their sales will bring tangible results. Starting in 1979 we began conducting such reviews for goods in the children's assortment, for elderly persons, for young people and adolescents, and for those who engage in sports and tourism. We study consumer opinion with the aid of questionnaires and consumer conferences at which samples of fashionable clothes are shown. Trade officials and representatives of industry jointly analyze all the information received, and make suggestions for improving the assortment and raising the quality of the goods.

And what are the results of this work? Substitutions were made for goods in limited demand, worth more than 130 million rubles, and 91 models were removed from production. One cannot rule out the possibility that if close contacts had not been made between the manufacturers and sales organizations, these "millions" would be lying in the warehouses now.

A large-scale economic experiment now going on in BSSR Minlegprom [Ministry of Light Industry] offers great opportunities for fruitful cooperation between trade and industry in the interests of the consumers. Now the most important indicator for workers in light industry is product sales, taking into consideration carrying out deliveries according to the contract. Such is the principal requirement of the experiment. What has dictated this? Once again, concern for the consumer. A responsible attitude toward the purchaser is becoming the rule for all enterprises in this branch. Let's compare: in 1983 more than half the enterprises did not fully carry out their obligations to the purchasers. But today there are only two enterprises in this situation. Moreover, discipline is being observed in delivering goods in the assortment agreed upon. Trade has received over 100 million rubles worth of goods above that called for in the plan.

The Minsk Oblast base for wholesale clothing trade has accumulated valuable experience. Specialists at the base, along with representatives of the enterprises and large stores are forming a collection of goods for upcoming trade fairs. They are considering all consumer age groups, and the trends of fashion.

An important trend for increasing the amount of necessary goods in the market is to involve more actively the enterprises which do not specialize in production of consumer goods. In 1983, 59 enterprises were involved in the production of consumer goods. There are already 63 collectives involved in the current year. In order to avoid parallelism in their operations and production of identical products, an interrepublic coordination center was set up at the initiative of BSSR Mintorg for production for which there is no central planning. It includes specialists from gosplan, the ministries of trade, and consumer cooperative associations of five union republics: Belorussia, Lithuania, Latvia, Estonia and Moldavia. The center operates as a public service. Thus, we are talking about new and more sophisticated forms of interrelation between industry and trade, of a comprehensive and broader approach to organizing production of consumer goods at enterprises of union subordination. The center currently is coordinating with precision the allocation of non-planned articles for the entire region.

The enterprises receive specific proposals on the needs of trade. And the center is well-informed on supply shortages or surpluses for certain goods and where, which means they can rapidly shift these goods. The wholesale bases of the five republics regularly exchange data on production of everyday consumer products and cultural-domestic goods.

What is the result of all this? Shortages have been eliminated for 64 kinds of goods. Fifty new kinds of goods have been introduced which previously were brought in from outside the republic.

As a result, in nine months last year republic industry supplied goods to the trade organization worth 185 million rubles above that called for in the plan. Above-plan production of goods has become the chief factor which permitted the republic to fulfill the state plan for retail goods turnover in 9 months.

However, there are still a number of unsolved problems, shortcomings and unutilized reserves in the work for increasing production, expanding the assortment and improving quality of consumer goods. There yet remains a lot to be done to improve the quality and the assortment of the goods.

For example, the "Integral" Production Association in Minsk is presently still producing a kind of clock called "Elektronika", and the Belorussian Optical-Mechanical Association is producing certain brands of photography equipment, for which there is limited consumer demand; that is, these enterprises are working for the warehouse, as they say. And unfortunately, such instances are not isolated. In 9 months, in the non-food group alone, there were failures to deliver goods in the contracted assortment amounting to 10.3 million rubles.

Speaking of problems of more fully satisfying consumer demand for various goods, one cannot fail to comment on the considerable reserves of the trade organizations themselves, which have not been fully put to use. This involves primarily expanding the output of products at public catering enterprises made by the enterprises themselves, and expanding the procurement and production activities of the consumer cooperative organizations. On these questions, for a variety of indicators, Belorussia is lagging behind several other union republics, for no good reason.

Not long ago the largest artificial fur factory in the country was built in the republic, in Zhlobinsk. However, the assortment of articles is limited. The fact of the matter is that the factory is not receiving Jacquard fur and fur trimming at a cost suitable for production of children's articles. The same is true of fur lining for making men's jackets, topcoats, and overalls. The question of regulating prices for artificial fur for producing articles for the children's assortment must be solved. Here we are waiting for assistance from the USSR Ministry of Finance and the USSR State Committee on Prices.

Supplying the populace with leather footwear has become a severe problem for us. In the republic demand for footwear is being satisfied by 80 per cent. We would hope that USSR Minlegprom would move more rapidly to rebuild certain old shoe factories in Belorussia which do not meet the needs of today.

In order to correct the situation in public catering, we have embarked on the path of significantly increasing the volume of output and expanding the assortment of culinary and deli goods, and semi-finished products. The work which was carried out permitted producing above-plan goods worth more than 10 million rubles in public catering, from their own production. And the workers at the consumers' cooperatives took upon themselves the responsible and complex task of increasing by a factor of two trade resources for feeding cattle and poultry, for procuring both wild-growing and cultivated agricultural products and other local products, in the current five-year plan.

9006
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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

RENOVATION OF LENINGRAD CANNING PLANT UNDERWAY TO MEET TARGETS

Leningrad LENINGRADSKAYA PRAVDA in Russian 7 Dec 84 p 2

(Article by V. Kolesnikov: "Luga Canning Plant of the Oblast Union of Consumer Cooperatives Operating at One-Third of Capacity")

(Text) "Help us to deliver our berries!" "Why don't they accept our apples?" "Unless the workers at the consumer cooperative show some concern for us, a considerable portion of our harvest will perish!"

There were quite a few letters to our editors this past autumn with such requests, questions, and warnings. Letters of alarm and perplexity, permeated with concern that everything grown by gardeners and cultivators of orchards should reach the tables of Leningraders either in fresh or processed form.

Now the season of fruits and berries is past. And we can calmly figure out what was the matter, why for more than a year now the consumer cooperative has been irritating the gardeners and orchard cultivators, and why they have been so unwilling to accept their fruits and berries.

And the current year turned out to be unusually successful. The harvest of apples, plums, and rowan berries was abundant, far exceeding the requirements of the oblast's gardeners and orchard cultivators' personal needs. But the procurement agents were in no hurry to help people; they did not organize the procurement of berries and fruits on the necessary scale. And the explanation for this was simply as follows: the two canning plants of the Leningrad Oblast Union of Consumer Cooperatives--the plant in Luga and the industrial combine in Vsevolozhsk--once again proved to be incapable of processing a large harvest.

A significant portion of the fruits and berries purchased by the cooperatives should be processed at the Luga Canning Plant. Put into operation six years ago, it was intended to turn out products enjoying an enhanced demand: jellies and juices, pickled items and jams, stewed fruit and marinated foods, canned mushrooms, cranberries in sweet syrup, prune juice, dried red bilberries and apples. There was supposed to be a total of 5 million standard cans a year. But last year the plant turned out scarcely more than 1.5 million cans. Why was this so?

"This enterprise's mishaps began on the first day of its operation and have continued to the present time," states the plant director, G. P. Aleksandrov.

"And our troubles were already pre-programmed in the plan which was executed by the planning organization of the Central Union of Consumers' Cooperatives. It was not merely an unsuccessful plan but an illiterate one."

We walked around the plant with G. P. Aleksandrov. The director showed us his strange business. Strange because there is a great deal here which flies in the face of common sense: the bookkeeping office is situated in the area of the passageway, while the passageway has been completely done away with, so to speak. A splendid packaging machine has been installed in order to automatically package the products in attractive plastic containers, but the productivity of the equipment on which the jams and the sugared fruits and berries are prepared for bottling is hardly half as much as that of the packaging machine. Most of the production lines have not been provided with continuously moving conveyors: the jars must be carried by hand from one unit to the next. This work is heavy and of low productivity.

We could enumerate a long list of the absurdities and gross miscalculations which were permitted in the design of this plan. Included among them would be the unsatisfactory system for supplying hot water and steam, the too-small storage areas, and a great many other things. They all have been noted in the documents of various commissions, and the work of this plant has been discussed on several occasions at sessions of the Board of the Leningrad Oblast Union of Consumer Cooperatives.

As well as the plan, the quality of construction is likewise a matter for concern. The workers of PMK /Mobile Mechanized Column/-1 of the Leningrad Oblast Union of Consumer Cooperatives turned over this facility with many unfinished items; they erected it with numerous technical violations. As a result, the enterprise is all hot and bothered to this very day: first the roof starts to leak, and it has to be done over; then a wall collapses, and again the plant is turned into a construction project. Every time something like this happens production has to be stopped, and, therefore, there is a loss of people who leave for other enterprises. Never mind the workers; even the director here has been changed almost every year. Aleksandrov is already this enterprise's fourth director. In 1982 the plant was idle for about six months because of repairs, things stood still for more than a month last year, and now it has been more than two months that the plant has not turned out any products. It is not difficult to figure out what losses this entails for the plan.

Today it is difficult to understand how the commission of the Leningrad Oblast Union of Consumer Cooperatives was guided into accepting this plant for operation. During the six years of its existence there has not been a year when builders and repair-men have not become the chief operating persons there. Indeed, it seems that they have accomplished quite a bit: a new heating line has been laid down, a major wall has been erected in the workshop, and the roof has been done over. But if we bear in mind how long these projects took and take into account the fact that at least this much still has to be done, then everything which has been undertaken seems like half-measures. And the enterprise already needs a basic renovation.

"Yes, the Luga Canning Plant needs the most effective aid," states Ye. A. Kuznetsov, the deputy chairman of the Board of the Leningrad Oblast Union of

Consumer Cooperatives. "We have studied this enterprise a great deal. The fact of the matter is that today in Leningrad Oblast we could procure as much as 10,000 tons of fruits and berries a year. But we accept only a total of 2,000 tons a year from the population. The processing plants are holding back the increase of procurements."

"But just how do the cooperative workers plan to increase the processing volume?"

"The Vsevolozhsk Industrial Combine will be renovated, and output of juices there will be considerably increased. Furthermore, during the next five-year plan it is proposed to erect a new workshop in Mga, designed to handle the output of gardens and orchards in the Sinyavino region. The appropriate planning documentation is now being worked out. But the main thing, of course, will affect the design capacity of the Luga Canning Plant. In the very near future we will be sending specialists there who must determine what is to be done and how to do it, and then we will get to work right away."

I has already been a long time since the persons responsible for the poor construction of the plant occupied leading posts in the Leningrad Oblast Union of Consumer Cooperatives. All the deadlines for bringing the plant up to its planned capacity have expired long ago. And here, finally, today at least some specific measures have been mentioned concerning the basic renovation of this plant. Does that mean that the matter has gotten off dead center? I would like to be filled with confidence by what Yegor Andreyevich is saying on this score, but past experience has taught me to regard promises with caution. All the more so in that it was with Ye. A. Kuznetsov that I had almost this same conversation last year. This director's optimism was not quite justified at that time. Couldn't the same thing happen again? And isn't it high time that the governing boards of the Leningrad Oblast Union of Consumer Cooperatives and the Russian Union decisively moved from promises and half-measures to action?

Six years ago, when the Luga Canning Plant was put into operation, the inhabitants of this oblast expected much from it. Finally now, it was thought, juices and berries will appear for sale, along with red bilberry jam, and even such a delicacy as "cranberries soaked in sweet syrup." Alas, because of the irresponsibility of those who were in charge of the Union of Consumer Cooperatives at that time and the insufficient activity of their successors, the population must still make do with another kind of cranberries--the kind that spread out in the sweet syrup of groundless optimism.

At a recently held conference of cooperative officials a new governing board of the Leningrad Oblast Union of Consumer Cooperatives was elected, and great changes occurred in the leadership of this organization. The new directors must set matters straight, so that the plant can finally begin to operate at full capacity. The oblast's gardeners and orchard cultivators expect this.

And people are longing for real cranberries--natural, physical ones.

2384

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

INFERIOR TECHNOLOGY IN FURNITURE INDUSTRY SLOWS PRODUCTION

Moscow IZVESTIYA in Russian 8 Jan 85 p 2

[Article by A. Frolov, special IZVESTIYA correspondent: "Why Is it Hard to Buy a Chair?", under the heading: "From the USSR Committee for People's Control Conference"]

[Text] A person needs furniture in his everyday life no less than shoes, clothing and transportation. But quite often it turns out that it's easier to acquire an automobile than an ordinary chair.

Over the past years of the five-year plan the enterprises of "Soyuzmebel'", the All-Union Industrial Association of USSR Minlesbumprom [Ministry of the Timber, Pulp and Paper, and Wood Processing Industry] have overfulfilled their five-year task for manufactured products by 55 million rubles. Then how come it's so hard to buy the most ordinary chair? In order to answer this question, officials of the USSR Committee for People's Control visited the association's factories, and those impressive millions began to shrink before their eyes, like pebble-grained leather.

The Association is the principal supplier of its products for the regions of the Volga Basin, the Urals, Central Asia, Siberia and the Far East. But in the Maritime Region, and in Perm and Saratov Oblasts, it's hard to purchase good furniture for the kitchen and nursery, a reading table, or a stand for bedding. At the same time they have a surplus of beds, trellis mirrors and sofa beds in the stores. It seems that the enterprises of "Soyuzmebel'"-- according to information from the inspectors--over the three years and nine months of the 11th Five Year Plan, failed to supply the trade organizations with various kinds of furniture in the amount of 45 million rubles. The consumers did not get 160,000 dining tables, nearly 1.4 million chairs, 57,000 cabinets for clothing and linens, 100,000 stools, and a significant amount of special furniture for pre-school establishments.

Almost half the enterprises were unable to carry out their contracted obligations for deliveries: as a result they were forced to pay fines amounting to over 6 million rubles. One should also add to this the 1.8 million rubles which were not counted for plan fulfillment because of delivering defective products to the retailers.

The basic reason for this situation is unsatisfactory use of capacities. As proof, here are two examples: At the Novosibirsk furniture factory, because of reduced production plans for over five years, instead of those prescribed by the norms, they have been assimilating capacities put into operation in 1977. In the current five year plan alone the consumers have for this reason received 4.5 million rubles worth of production less than they should have. At the Kukushtan factory of the "Permmebel'" Production Association they have not yet set up their equipment, and a new shop with an area of 2,000 square meters is two-thirds empty--although it was turned over for use as long ago as 1983. At the same time Perm Oblast has a great need for kitchen furniture, which this shop is supposed to produce. If the enterprises of "Soyuzmebel'" would utilize their capacities at even the mid-level, they would be able to produce an additional 25 million rubles worth of products annually.

For some of the shortcomings the enterprises themselves or their collectives are to blame. Many factories do not operate rhythmically; quite often they manufacture two to two-and-a-half times more products in the last weeks of the month than they do in the first; which, of course has a negative effect on quality.

A significant amount of working time at the enterprises is lost because of stoppages connected with shortcomings in supply and organization of production. At the "Primorskdkdrev" Association, the shifts at certain furniture enterprises stood idle because of a lack of chip boards which are produced by--the association itself.

New technology is being introduced at the enterprises, but it is poorly used and quite frequently stands completely idle. At the Primorskaya Furniture Factory, for example, during the period of the inspection more than half the machinery for attaching edging stood idle, as well as two out of five of the lines for facing boards. At the leading enterprise of the "Permmebel'" Production Association, the multiple-saw machinery was out of operation for a long time, as well as the lines for sizing and processing the boards, and the new polishing equipment. Equipment repair and servicing is not organized satisfactorily at these enterprises.

The inspectors disclosed many instances of low production standards. At certain enterprises the shops were crammed full of non-operating equipment; stacks of parts and semi-finished products, with piles of useless old waste products; and in certain of them the ventilation and pneumatic transport systems don't operate efficiently.

There is a lot of absenteeism at the factories. In 1983 and the first half of 1984 alone, more than 50,000 man days were lost for this reason.

Explaining the reasons for nonfulfillment of production plans for furniture in the required assortment, the administrators at the enterprises which were inspected quite often cited the sporadic nature of deliveries of supplies and raw materials to them. These facts were checked and confirmed. For example, at the "Saratovmebel'" Association, over a three year period and for nine months in 1984, more than 17,000 cubic meters of lumber and 650,000 square meters of decorative materials were overexpended. At enterprises of

the "Permmebel'" Production Association they are grossly violating the rules for storing the lumber, the veneer sheets, the plywood and the metal fixtures. A significant part of the chip board panels are damaged by straps when they are unloaded from the rail cars. Sturdy boxes intended for multiple use are not being used to pack the furniture, and every year 6,000 cubic meters of pine laths are used to make boxes for one-time use--whereas the funds authorize only 500-600 cubic meters for these purposes. A similar situation exists at "Primorskdrev" as well.

And one cannot absolve the managers of the association itself from blame for the unsatisfactory work of the enterprises. At the Primorskaya furniture factory in the city of Artem for example, the existing capacities are very much underutilized. One of the reasons for this is the lack of workers and engineer-technician specialists--which in turn is brought about by the lack of living quarters. Because of not allocating capital investments, construction of a 340-bed dormitory begun five years ago has been halted.

It was stated at a committee meeting that the "Soyuzmebel'" All-Union Production Association is doing a poor job of controlling the activities of its enterprises, in terms of improving the assortment and raising the quality of the products, and they are not carrying out the instructions of USSR Minlesbumprom on completely satisfying the orders of the trade organizations for essential articles. It was also stressed that year in and year out there is an increasing percentage of articles at the factories declared defective by the authorities at Gosstandart [State Committee on Standards] and Gostorginspeksiya [Main Administration of State Quality Inspection of Goods and State Trade Inspection].

Sharply critical remarks were also addressed to Minlesbumprom USSR, which is doing a poor job in controlling the work of the "Soyuzmebel'" All-Union Production Association; it is not being demanding enough toward the supervisory personnel for using their existing capacities and for fulfilling their contracted obligations for delivering products. The ministry is taking a long time to solve the problems of developing furniture manufacturing in the eastern regions of the country. While they are erecting new enterprises they are permitting lags in construction of living quarters and cultural-domestic projects.

The USSR Committee of People's Control severely punished V. Fedorov, chief of the "Soyuzmebel'" All-Union Industrial Association, for serious shortcomings in administration of subordinate enterprises, which was one of the reasons for the failure to carry out contracted obligations for delivering furniture to the consumers in the required assortment.

The statement of the Minister of the Timber, Pulp and Paper, and Wood Processing Industry, M. Busygin, concerning the fact that the ministry is taking measures to improve the operation of the "Soyuzmebel'" All-Union Production Association, and will eliminate the shortcomings disclosed by the inspection, was taken into consideration.

9006
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CONSUMER SECTOR POLICY AND ECONOMICS

ESTONIAN LIGHT INDUSTRY MINISTER ON EXPERIMENT, RESOURCES

Moscow IZVESTIYA in Russian 17 Jan 85 p 2

[Article by Yu. Kraft, ESSR minister of light industry: "Facets of an Experiment"]

[Text] An enterprise's good reputation is years in the making. Take for example the "Marat" and imeni Klementi production associations. For several years already, you see, they've been putting out new products on a par with the finest world standards. Both production associations have company stores in the city, "Marat" and "Siluet". One has knitted articles, and the other ready-made dresses. Here, in addition to sales personnel, one can meet design engineers and production process engineers, pattern makers and dress designers: they chat with the customers and they know which items the shoppers "vote" for with their hard-earned rubles. This was the first step on the way to integrating trade and production, and creating an industrial-economic complex. Now let's take things one step further: the present and the future well-being of both enterprises depends completely on their fulfilling the plan for goods turnover in the company stores. And this is the special feature of the experiment being carried on in our branch.

The customer is not interested in whether the factory has the fabrics it needs, or whether equipment is available. He sees only the finished article and rates it very strictly. The open form of interrelation between industry and the purchaser is today fully operational in our republic's light industry. The experiment consists of creating an industrial-economic complex: production and trade, science and transportation, supply and planning have united. The conditions of the experiment call for the strict economic responsibility of all participants, and they open new opportunities for dynamic growth in the branch, for improving technology and for increasing industrial capacities. Including supply and trade organizations in the complex, as well as planning and designing subdivisions, brings together in one place those units which were quite often far behind in their work because they operate under separate departments.

The managers know full well how, out of imaginary poverty, they are forced to spend a great deal more than the matter is worth--and only because the funds are not available at the time when they are needed. Under the conditions of the experiment, enterprising people have other opportunities: each supervisor can get money, equipment or materials for a new purpose or idea--but he has to remember that without yields, his loan has a very severe effect not only on the enterprise funds but also on his own pocket.

Naturally there has been a fundamental change in the role of the republic ministry of light industry itself. From a purely administrative center of control it is turning into an economic headquarters with all the rights and responsibilities for administering a unified industrial-economic complex. Quite often situations still arise in which a superior organization takes a decision, but the subordinates bear the responsibility, and economic responsibility to boot. And here the principle is clear and simple: if you take a decision, you bear full responsibility for it.

The motto for the experiment is: "The Greatest End Result for the Least Expenditures". We have been given broad rights and possibilities for raising the wage rates for the piece-work employees, for increasing the wages of hourly-wage rate workers, and for establishing bonuses and supplements to the salaries of engineering and technical workers--with the indispensable conditions: that their work is highly efficient; that the corresponding growth in labor productivity is evident; that there are savings in the wage fund.

For the first time light industry has been given the right to utilize the contract form of organization of labor and wages. A new price formation system has become a reality: it permits more fully considering production expenses for renewing and expanding the assortment. And it also permits putting into operation an economic mechanism which precludes overstocking the market with one kind of article while there is a shortage of another.

The number of our planning indicators has declined sharply today. Product sales in accordance with contracted obligations is becoming the principal indicator. The associations form their capital independently, and they may distribute the funds at their discretion. It is quite important, for example, that the fund for socio-cultural measures and housing construction depends directly on growth in labor productivity. This is dictated by concern for the steady, unswerving development of the entire branch. We have calculated that under current capabilities, the material incentive fund will grow by 6.3 per cent per year, the fund for socio-cultural measures by 8.6 per cent, and the fund for developing production by 6.8 per cent. In comparison with the last year this growth is very sound.

One special provision is the export possibilities of the republic's Minleg-prom [Ministry of Light Industry]. Everyone now understands that light industry may, like no other, require direct business contacts with foreign firms which have solid experience in rapidly satisfying the immediate needs of the consumers. Now we are receiving the right to independently plan and expand our exports. And it goes without saying that the funds thus received will go to acquire equipment, instruments and fabrics of new designs.

Unfortunately, we have not yet managed to put all mechanisms of the experiment into action. It is primarily a question of placing at the disposal of the branch the wholesale bases of "Esttorgodezhdy" [possibly, Estonian Association for Clothing Trade] and the supply services of "Estlegsnabsbyt" [possibly Estonian Supply and Marketing Administration for Light Industry].

Solution of the problem has dragged on, although under conditions of the experiment it directly states that specialized republic enterprises for wholesale trade in fabrics, clothes, and shoes, as well as a number of large specialized retail trade organizations, are to be transferred to the Estonian SSR Minlegprom, so that a system of company stores can be set up on this basis.

It is no doubt time to think about expanding the boundaries of the economic experiment. "But now is the time to involve all ministries, enterprises and enterprises without exception in producing goods and rendering services to the populace", said Comrade K.U. Chernenko at a CPSU Central Committee Politburo session. "We must give primary attention to these questions, and make use of the broad rights and capabilities granted to the local organs; we must allocate resources in a businesslike manner, and fill the market more rapidly with the goods which the people cannot get".

The Estonian experiment, which has already gotten off the mark this year in the republic's light industry, fully meets these demands and these tasks. And we are convinced that its effects will be seen in the very near future.

9006
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CONSUMER SECTOR POLICY AND ECONOMICS

RSFSR STATE COMMITTEE OFFICIAL ON RETAIL PRICE FORMATION

Moscow PLANOVYE KHOZYAYSTVO in Russian No 8, Aug 84 pp 86-91

[Paper by D. Nikitin, first deputy chairman of the RSFSR State Committee on Prices, and V. Kabankov, doctor of economic sciences, professor, under the general heading "Price Formation Problems": "Prices and Quality of Consumer Goods*"; Greek "sigma" of formulas rendered "S" in translation]

[Text] Increasing production of consumer goods, improving their quality and expanding and modernizing their variety are a most important national economic problem. At a meeting with electors on 2 March 1984, comrade K. U. Chernenko observed that "much is being done now to expand the production of high quality popular goods¹." In addressing this problem, an especially stimulative role belongs to planned price formation.

Recently, several important measures have been implemented, aimed at increasing the role of prices in production of goods for the people: A new procedure has been introduced for establishing interim prices on goods of improved quality (Rights regarding their approval have been broadened in the republics) and contract prices on first trial lots of goods and especially modish products, and for the differentiation of trade discounts; and a twice-seasonal clearance sale of goods has been instituted. Since 1 January 1982, new wholesale prices have been introduced. These, to a greater extent than before, stimulate the output of consumer goods and improvement of their quality, and ensure profitable production at scales necessary for creating self-supporting operating conditions of enterprises. For ensuring price stability on consumer goods for which production expenditures have exceeded retail prices, increased wholesale prices have been established, with reimbursement of differences over budget.

At present there has taken shape a basically four-member system of retail prices for nonfood consumer goods: Constant, contract, interim and reduced. The predeterminants are the constant prices, with respect to which a policy of price fixity and reduction is conducted in keeping with the creation of necessary conditions; above all, increase in production effectiveness,

* As formulated.

1. K. U. Chernenko, "Narod i partiya yediny" [The People and Party are United], Moscow, Politizdat, 1984, p 7.

growth of labor productivity and reduction in production cost of articles, appearance of intra-production reserves, strengthening of the economizing policy and satisfaction of the population's demand.

In the overall price control system for consumer goods, the problem of a basis for retail prices of new products is a pressing one. As methodological foundation for handling this problem, there have been published the Interim Systematic Instructions for Determining Retail Prices of Consumer Goods, approved in 1973. They set forth the general procedure for establishing retail prices, both on new products which represent a modification of the goods being produced, and on principally new models; the basic methods of determining prices also are given. It is specifically pointed out that new prices are established only when quality and consumer properties of goods, including external appearance, are palpable in the consumption process. Immaterial differences in quality and individual consumer properties may not serve as a basis for approving new prices. In cases of this kind, the effective retail prices of analogous products are applied.

The structure of retail prices on new goods must correspond to the structure and level of prices of analogous (related) groups of goods, taking into account their quality and other consumer properties. With the goal of stimulating output of principally new products, it is specified that the profit margin on them be established, as a rule, somewhat higher than the average profit margin level for the manufacturing enterprises. In this connection, an up-to-date interpretation of the definition of principally new goods is presented by the systematic instructions, according to which products satisfying principally new requirements of the population are treated as such, and also products manufactured from new kinds of materials and raw materials and by new technology, the use of which causes principal changes in consumer properties of products and expenditures on their production.

In the systematic instructions being considered, the need is stressed for ensuring stability of the level of State retail prices which has been established in the nation, and preserving the existing correlations of prices by groups of goods. At the same time, the stimulating mechanism of prices is not fully revealed in the instructions: By what means and specifically how the production of new, better quality consumer goods should be stimulated. The regulation that the quality of new products must be palpable for the consumer is not supported by the tools for quality determination and bears a declarative character.

The specific mechanism of stimulation operates by means of introducing interim prices (wholesale and retail). An obvious reflection of this is the latest edition of the Instruction on Interim Prices for New Consumer Goods of Improved Quality (1977), according to which interim prices may be established on practically all nonfood goods.

The interest of associations (enterprises) in modernizing goods being produced, and improving their quality and variety, is acquired by establishing temporary surcharges to constant prices and forming interim prices thereby. A temporary surcharge consists of three parts, and is intended for reimbursement of additional expenditures connected with output of better quality products (Up to 40 percent); for rewarding direct participants in their development (Up to 15 percent), and for allotments to the State budget to form resources for covering losses from markdown of goods on the market at the next retail price reduction (45 percent, as a rule). Here, expenditures for mastering the process and improving quality do not enter into the surcharge if they are reimbursed to the associations (enterprises) from appropriate funds, including the common fund for development of science and engineering and the centralized fund for mastering output of new products.

In the given instruction, the approach to a basis for newness of products is defined. Thus, to improved quality of goods are ascribed products which exceed previously produced goods in quality (Bearing in mind not only high quality and technical data, but also the finish, the style, the accordance with fashion, etc.) and enjoy increased popular demand. Here the products must be certified for a higher category of quality; must be manufactured according to standards approved by the appropriate judges or All-Union Republic exhibitions, and also must be of new design and original patterns and styles, reflecting fashion trends with improved characteristics. Goods of this kind are marked with the index "N"-- new item.

Interim prices on new consumer goods of improved quality have contributed to accelerating the output and improving the variety of higher quality products. The existing procedure for determining prices of new goods incites the interest of manufacturing associations (enterprises) in output, modernization and broadening variety. For example, in 1983 RSFSR textile and light industry enterprises received 881 million rubles in the form of surcharges for output of improved quality goods, of which 126 million rubles was earmarked for awarding bonuses to workers directly involved with production of these goods. At the Moscow Raduga [Rainbow] sewing [clothing manufacturing] association in 1983, products with index "N" worth 79 million rubles were produced, and the amount of the surcharge was 14.8 million rubles, of which 5.5 million rubles was allotted to the State budget and 2.3 million rubles to the material incentive [bonus] fund. Every worker received a bonus for the year at the rate of 189 rubles on the average, design artists--380 rubles, and engineering and technical personnel--372 rubles. Improved quality goods worth a total of 10 billion rubles were produced in the RSFSR in 1983. Here, the share of such goods in the overall volume of consumer goods comprised 21 percent of those made by enterprises of the RSFSR Ministry of Light Industry, and 23 percent of those made by enterprises of the Ministry of the Timber, Pulp and Paper, and Wood Processing Industry but, in the production of furniture, this indicator is about 30 percent.

However, many industrial enterprises of several ministries are insufficiently producing improved quality goods. For example, in the overall volume of consumer goods, products with index "N" comprise from 2.4 to 2.8 percent at enterprises of Mintyazhmash [the Ministry of Heavy and Transport Machine Building], Minkhimprom [the Ministry of the Chemical Industry], Minradioprom [the Ministry of the Radio Industry], Minstroymaterial SSSR [the USSR Ministry of the Construction Materials Industry] and Minpromsvyaz' [the Ministry of the Communications Equipment Industry].

As experience has shown, individual enterprises violate the established procedure and offer to the artistic and technical councils products without material signs of newness and originality of finish. In result, a significant fraction of them is disapproved by the councils and organs of price formation. Cases are not infrequent when enterprises produce improved quality goods a year and more later, after interim prices have been approved for them, which leads to obsolescence of these products. In a number of trade organizations, the process of selling goods at interim prices is poorly mastered, in consequence of which problems of extending their effective periods are not always soundly resolved.

Recently, with the goal of more timely solution of problems related to production of improved quality goods, the rights of the State Price Committees of Union Republics have been broadened in establishing interim retail prices for light industry goods (with surcharges not exceeding 30 percent, but from 10 to 20 percent on goods for children). As an experiment, such an opportunity has been extended to 58 manufacturing associations (enterprises) of the USSR Ministry of Light Industry until 1 January 1985. Indicators have been worked out to characterize the quality and newness of products by separate groups of goods (cotton, linen, silk, woolen fabric, sewed and knitted articles, leather footwear), and scales of temporary surcharges have been introduced. Moreover, in case of difficulties in selling improved quality products at increased prices, the associations (enterprises) of the USSR Ministry of Light Industry have been afforded the right, by agreement with trade organs, to shift to production and sale of these products at the constant prices, without changing the planned indicators and relationships with the budget. The RSFSR State Price Committee also has granted permission to clothing manufacturing associations of Siberia and the Far East, and to several enterprises of the Bashkir ASSR, to establish interim prices themselves on products with index "N", something that is bound to facilitate timely approval of the prices and flexibility in their use.

Regulations Concerning Procedures for Establishing Contract Prices (1980), aimed at fulfilling a resolution of the CPSU Central Committee and the USSR Council of Ministers "on improving planning and strengthening the influence of the economic mechanism in increasing production effectiveness and quality of work," have been something new in consumer goods price control. In accordance with them, contract prices are applied only to the first trial lots of new goods (The volumes of these are limited dependent upon retail price of the product) and especially fashionable products (with index "D"). The contract

prices are determined by agreement (contract) between the managers of manufacturing associations (enterprises) and the appropriate trade organizations on the basis of product samples approved by the latter.

Increasing the interest of manufacturing associations (enterprises) in output of especially fashionable products is achieved by supplementary revenue (Defined as the difference between the contract retail price and the sum of its elements: Cost of production, profit, trade and market discount, and the turnover tax on analogous products). Half of it is directed into the State budget, and the other part remains at the disposal of the manufacturing association. From this other part, 30 percent goes for providing incentives to workers developing the especially fashionable products, and 20 percent goes into the fund for social and cultural measures and housing construction, and into the fund for production development.

The interest of trade organizations in the sale of goods of this kind is acquired by differentiation of trade discounts by agreement of the parties (Up to 50 percent) when establishing contract prices.

Profit in contract prices is calculated starting with the average planned profitability of a given goods group, but not lower than the normative. Additional expenditures connected with ensuring high quality, improvement of finish, accessories and so forth, are included directly in the cost of production, and losses from the markdown of products remaining on the market are reimbursed, half at the expense of the economic activity of trade organizations (or a special fund), and half at the expense of the manufacturing associations (enterprises). Here, if the markdown occurred through the fault of the manufacturing association, it compensates fully for the losses.

One may judge magnitude of the application of contract prices by the following fact: At present only about 300 RSFSR enterprises, mainly from light industry, have concluded contracts for delivery of especially fashionable goods at a total value of 200 million rubles.

Changes in price formation, the appearance of new kinds of prices, and formation features of the latter, have determined a need to elaborate on the General Systematic Instructions for Working Out Prices (Wholesale and Retail) on Consumer Goods. In connection with this, it is mandatory to solve a number of problems, specifically: Which price stimulating mechanism is the most advisable to select; how are degrees of newness and quality of products, and accordingly, the differentiation of prices, to be more validly described; how rightful is it to consider goods novelties [innovations], with index "N", if they are not new for practical purposes, inasmuch as the trial lot is already sold; how justified is it to consider prices interim just because a temporary surcharge for quality has been established in them (In products of production engineering application, for example, constant prices are not considered interim because of temporary surcharges), and so forth.

The stimulating mechanism which incites the interest of enterprises in continuous output of new, higher quality products manifests itself variously in consumer goods prices: In constant prices of new goods--in greater profitability, in interim prices--due to surcharges to prices, in contract prices--by means of supplementary monetary revenues. Economic content of the stimulating mechanism also is varied. Supplementary monetary revenue consists only of the resources for encouraging workers developing better products and of allotments to the State budget. Additional expenditures for improving the quality of products enter directly into cost of production. Insofar as such prices are established on initial trial lots and especially fashionable products, then, in principle, this output also must be entirely sold. And if it doesn't find a market, the contracting parties--trade organization and manufacturing enterprise--are primarily culpable in the matter, and it is just that losses from markdowns on goods remaining in the shops be reimbursed by them.

The surcharge in interim prices bears a multi-purpose character and consists of the three parts named above. The smallest part goes to material reward of the makers of new products. Inclusion in the surcharge of resources for covering losses from markdown of goods in the shops means that the consumer pays not only for the improved quality of new products, but also for their obsolescence, which, in our opinion, is economically unsound. By its economic content, the surcharge must bear an incentive character. It is possible that a certain part of it is needed also to stimulate trade workers. This kind of structure of the surcharge would be more economically sound, would permit improving the correlation between prices and quality without infringing upon the interests of manufacturing enterprises and trade, and would put additional revenue into the State budget.

In the totality of problems of the prices on consumer goods, predetermining significance is possessed by the basis of degree of newness; that is, the basis of that boundary after which should be established new prices, the correlation of price levels and quality of new products, the optimal structure of the surcharge scales for determining surcharge magnitudes, and so on. Definite results have been achieved in the solution of this problem. Specifically, in a resolution of the USSR State Committee on Prices regarding differentiation of interim prices and surcharges on improved quality goods (1983), the quality of certain new products was evaluated in bally [numerical units of evaluation]. The artistic and technical council additionally has introduced an indicator--an overall evaluation of quality in numerical units. The magnitudes of surcharges are differentiated depending upon the evaluation of quality in numerical units. For example, a surcharge to the retail price of new woolen fabrics at the rate of 5 percent is determined for improved quality evaluated within the limits from 6 through 8 numerical units of evaluation, 10 percent--from 9 through 15, 20 percent--from 16 through 20 numerical units. In the given example, a surcharge is given only for quality which is evaluated at six numerical units and higher. Such measures contribute to the solution of many pressing problems, and will have a positive effect in further increasing the stimulating role of prices of consumer goods.

It seems to us that further improvement of the ball [numerical unit of evaluation] system for controlling prices and quality of goods should proceed along the lines of comparative evaluations. Absolute numerical units of evaluation do not yet attest to the advantages of new products. Besides, their use can lead to growth of prices even in the presence of an analogue, which is graphically apparent from the given table exemplifying plans submitted for interim retail prices on models of ladies' overcoats of one of the Moscow clothing manufacturing associations (Table 1).

Table 1

Quantity of Models	First Year			Second Year		
	Sum of Bally*		Percent of Surcharge to Constant Retail Prices	Sum of Bally*		Percent of Surcharge to Constant Retail Prices
	For New Model	For Analogue		For New Model	For Analogue	
7	38	37	5	12	38	5
6	38	37	10	23	38	10
7	38	38	5	1	38	20
4	38	37	10	1	38	15
1	39	38	20	2	40	40

* [Numerical units of evaluation]

In our opinion, at the foundation of a comparative numerical unit of evaluation system there should be a complex coefficient of quality (K_{kach}) [K_{qual}] and, constructed upon the basis of this, a scale of surcharges and maximum possible prices for new products. The coefficient is determined by means of commensurate overall evaluations (S) [Greek sigma] of quality in numerical units (B) of new (n) and analogous products (b):

$$K_{qual} = \frac{SB_n}{SB_b} \quad [S = \text{Greek sigma}]$$

If in the cited example with the clothing manufacturing association the overall sum of numerical units of evaluation for new and analogous products amounts, respectively, to 38 and 37, then the coefficient of quality would equal 1.03. This says that the new overcoat is better than an analogous one by just 3 percent altogether, and this improvement is immaterial. Consequently, it is inadvisable to establish a surcharge to the price. Just what should be the minimal level of the coefficient of quality, by which one may make a judgment as to material and immaterial changes? From our point of view, it may be

arrived at differently in each industry, on the basis of the industry's specific characteristics. In general, its minimal level should be equal to 1.15 (analogous to the coefficient of effectiveness). A lower value of the coefficient would attest to insignificant advantages of new products, and new prices should not be established for them.

A model scale of surcharges to constant retail prices, in our view, may be presented in the following form (A surcharge exceeding 30 percent is established by the USSR State Committee on Prices):

$$K_{\text{qual}} = \frac{S B_n}{S B_b} \quad [S = \text{Greek sigma}] \quad \begin{array}{l} \text{Surcharge to Retail} \\ \text{Price in Percentages} \end{array}$$

1.15-1.20	10
1.21-1.25	15
1.26-1.30	20
1.31-1.40	25
1.41-1.45	30
1.46-1.50	35
1.51-1.55	40
1.55-1.60	45
1.61 and higher	50 and higher

In order to rule out the possibility of more rapid growth of prices than consumer properties of products, it is necessary to compute a maximum possible retail price (T_{smaks}) [P_{max}] by commensurating the prices of analogous products (T_{sb}) [P_b] with the coefficient of quality:

$$P_{\text{max}} = P_b K_{\text{qual}}$$

The basic purpose of the maximum possible price is to limit the growth of prices, to make known the upper limit of the boundary above which a new price should not be established since, if it is, the price will grow faster than the quality. Therefore, the retail price, together with the surcharge, must not exceed the maximum possible retail price.

According to the scheme we are proposing, of all 64 models of new overcoats produced by the clothing manufacturing association, only the 2 with sum of numerical units of evaluation equal to 40 and 30, where the coefficient of quality equals 1.33 (40:30), merit surcharge to the retail price. The rest of the models have coefficients of quality lower than 1.15; that is, the changes in their consumer properties are immaterial. If the constant retail price of an analogous overcoat is equal, for example, to 100 rubles, and that of a new one to 105 rubles then, taking surcharge into account, the maximum possible retail price of the new overcoat would be 133 rubles (100·1.33), and the surcharge to the constant price of the new overcoat, according to the given scale, would be 25 percent or 26 rubles 25 kopecks (25 percent of 105 rubles). Thus the selling price of the new overcoat, together with the surcharge, would equal 131 rubles 25 kopecks (105 rubles + 26 rubles 25 kopecks). It does not exceed the maximum possible price, and may be approved.

Table 2

TOTAL: (SB) [S = Greek sigma]

Comparative complex coefficient of quality: $K_{qual} = \frac{S_{Bn}}{S_{Bb}} = \frac{94}{67} = 1.4$ [S = Greek sigma]

The scale of surcharges also may have two forms--one for reaching the lower limit of each interval, and one for every point within an interval. With adoption of minimal value of the coefficient of quality at a level of 15 percent, corresponding changes should be introduced in determining newness and quality for constant, interim and contract prices.

At present, when establishing new prices, the tendency to dispense with analogues can have negative consequences. The customarily used scales of surcharges to prices, without comparative analysis, contribute to the growth of this negative feature. It seems to us that greater benefit in this regard can be derived from working out and adopting as an essential document a comparative chart of quality, in which are apparent the advantages of new products by separate quality indicators (functional and operational, esthetic, etc.), the newness of the products, their overall quality evaluation in numerical units and their comparative complex coefficient of quality. One of the possible versions of a comparative chart of quality is presented in generalized form, as an example for the furniture industry, in the given table (Table 2).

The selection of analogues, the bringing out of new quality by means of a comparative chart of quality (Choice of indicators characterizing consumer properties of products, substantiation of the weight factors and calculation of the complex coefficient of quality), and construction of a rational scheme for surcharge formation and the whole system of prices--These are important reserves [areas] for improving planned price formation.

Further improvement of the entire system of prices and quality of consumer goods will serve as an important factor in improving the entire economic mechanism.

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CONSUMER SECTOR POLICY AND ECONOMICS

INITIAL RESULTS OF RSFSR EXPERIMENT EXAMINED

Moscow PRAVDA in Russian 7 Jan 85 p 3

(Article by Miroslav Buzhkevich: "The Purity of an Experiment: A Socio-Economic Survey")

[Text] The new year of 1985 has just begun. The change of the years is a unique kind of mountain pass. Having climbed up to it, we are evaluating the road we have traversed and are looking on ahead--but what is there? And so among the staff members of the RSFSR Ministry of Consumer Services there have ensued the troublesome days of summing up the initial results of carrying out the experiment which was begun on 1 July 1984 in eight autonomous republics and oblasts of the Russian Federation. And so, just what can be seen from the watershed of two years?

First Steps

Before replying to that question, let us recall certain characteristics of the economic experiment in the field of consumer services. During its course, as stated in the decree of the CPSU Central Committee and the USSR Council of Ministers, there is to be a practical verification of the effectiveness of measures with regard to improving the economic mechanism of service, increasing the motivation of enterprises to raise the operational level, the end result of which is a good quality and high standards of service to the Soviet people. Thus, economic and social tasks are connected together into a single, continuous whole. The widespread introduction of the cost-accounting principle, along with the increased role played by labor groups in running enterprises, has elevated the responsibility of those persons employed in this sector.

Planning is now conducted strictly along an ascending line--"from the bottom up to the top." In the interests of the enterprises the procedure for forming the wage, incentive, production, and social-development funds has been changed. Thus, increasing the amount of services by 1 percent increases the wage fund by 0.8 percent. Deductions from profits must be conducted in accordance with a stable indicator, which ensures the growth of funds for expanding services, as well as improving the working and everyday living conditions for workers. All this, undoubtedly, stimulates the growth of production and improves the quality of the services.

As shown by the results of conducting the first segment of the experiment, the enterprises have done well. During the third quarter of the year just past (results for the second-half-year are not yet available) the consumer services of the Bashkir and Komi ASSR's, the Altay Kray, Astrakhan, Ivanovo, Kemerovo, Saratov, and Yaroslavl Oblasts turned out to be above the plan for services by almost 1.3 million rubles. The growth in their volume here was 3.3 percent higher than for the RSFSR as a whole. The assigned task with regard to expanding services to the rural population was over-fulfilled.

New types of services have been disseminated more actively. During three months the employees at plants, factories, construction projects, institutions, and organizations were rendered services worth almost 2.5 million rubles. Fulfillment of orders on the principle of "today for today" increased by half, while urgent projects carried out in the home increased by more than a third. An innovation is the sale at clothing-repair shops, barber-shops, hairdressing salons, and reception centers of the following associated items: soap, cosmetics, shoelaces, insoles for shoes, and a great many other things. Also beginning to appear here were the so-called comfort zones, where, while waiting to see the tailor or the hairdresser, a person can watch television or have a cup of coffee.

To a large extent, success has been facilitated by the brigade form of labor organization, particularly work on a standardized job authorization. As of 1 October, such brigades number about 3,300, and they included 25,000 persons. Almost 5,000 "moonlighters" carried out orders worth 1.6 million rubles. Add to that the labor of thousands of persons who work at home, as well as of those who are employed on a part-time basis.

People noted and evaluated the changes for the better in the service organization occurring in places where the experiment has been conducted. Letters to the editor testify to this. And so, the path chosen is the correct one. At the same time PRAVDA's readers consider that movement along this path could be even more successful if those who are organizing and directing the experiment were to approach matters somewhat more thoughtfully.

From a Departmental Viewpoint

Any experiment will yield objective knowledge, if provision has been made, as the natural scientists say, for its purity, excluding the influence of outside factors. However, the leading officials of the RSFSR Ministry of Consumer Services, the appropriate divisions of the USSR Central Statistical Administration, the RSFSR and USSR Gosplans have failed to concern themselves sufficiently about this. As a result, the preliminary results of the experiment in consumer services do not fully reflect the status of service to the public.

Let's begin with the new indicator--the volume of services paid for by the public. Naturally, the governmental decree does not define its constituent parts. That is a matter for the planning organs and the ministries. And they decided to include within it, in addition to other measuring factors, the cost of guaranteed repairs on television sets, household appliances, instruments, etc. This was a dubious step. Because, of course, the manufacturing plants transfer to the consumer services the funds for guaranteed repairs. But it is considered to be obtained from...the public.

Perhaps what we are talking about here amounts to kopecks? No, merely the guaranteed repair of household appliances and instruments for the eight territories where the experiment is being conducted amounted during the second half of the year just past to almost 1.5 million rubles, or approximately 9 percent of the volume of services of the household-equipment repair-service enterprises which are paid for by the public. And the situation is about the same in the case of television sets.

It is appropriate to recall that, prior to 1981, the cost of guaranteed repairs was included within the volume of services rendered to enterprises and organizations. And this was correct. For in the given instance what we are talking about are reciprocal calculations between enterprises rather than between the public and the consumer services. Would it not be more feasible to return to the former procedure?

Now about the so-called small batches of items. Their purpose is to provide the service enterprises with something to do during the seasonal declines in the influx of individual orders. It was assumed that a few dozen items of each model would be turned out from a capacity of hundreds of articles of knitted-wear, furniture, and footwear. But soon the small batches grew into large ones--the mass production of goods began. And this is understandable. It is easier, for example, to sew and sell women's shoes in one fashion than to trouble oneself with a demanding customer. In January of the year just past the USSR Central Statistical Administration and Gosplan provided the following explanation: small batches cannot be included in the amount of individual orders from the public. That is the way things are done now throughout the entire sector. Only the republics and oblasts where the experiment is being conducted constitute an exception. Therein the amount of such batches has been included in the services paid for by the public. When asked the question as to who initiated this, the RSFSR deputy minister of consumer services, A. Bondarenko, shrugged his shoulders significantly--not us. The deputy chief of the USSR Central Statistical Administration, V. Gur'yev, advised us to take an interest in the country's Gosplan. But there, in the sub-division of consumer services they assured us of the following: the initiators were the leading officials of the RSFSR Ministry of Consumer Services. We had come full circle.

Nobody, of course, is demanding that small batches of items be "eliminated." They are necessary, but, of course, in tolerable amounts. And there is surely no way that they can be included among the services paid for by the public. Because, you know, in buying finished goods at a clothing repair and tailoring shop or at a comprehensive receiving center, a person is acting not as someone ordering consumer services but rather as a customer, because he is paying not for a service but rather for a finished item.

The leading officials of the RSFSR Ministry of Consumer Services know this, but they continue to stick by the small batches. Without them they have been unable so far to handle the assigned task with regard to the volume of services paid for by the public--an indicator whose growth the service enterprise places in a prominent place in evaluating its operation.

During the first half of 1984 the production of footwear in small batches within the total volume of its output amounted in Bashkiria to 46.7 percent, of

knitted goods in Ivanovo Oblast--67.4 percent, of furniture in Saratov Oblast --41.5 percent. This is higher than the average indicator for the RSFSR. It is impossible to determine what kind of volume such batches have among the participants in the experiment in the third quarter--accounting on this point is done for the half-year. But it is known that, although in a number of oblasts the remaining unsold batches have decreased somewhat, by the end of the third quarter the experiment's warehouses had accumulated amounts worth almost 6 million rubles.

Not everything proved to be well thought-out in the provision dealing with awarding bonuses to workers at enterprises participating in the experiment. Established therein are the following two main indicators in fulfilling the plan: by the sales volume of consumer services (i.e., by the "gross") and by each percentage point of over-fulfillment. The criteria of service quality should rank equally high. But they did not find such a place and were relegated to the last section of the provision. And that is a pity. Because, of course, in the decree of the CPSU Central Committee and the USSR Council of Ministers on conducting this experiment particular attention is paid to the need for improving quality, observing the deadlines for carrying out orders, and raising the standards of service to the public.

Quality of service is mentioned in the norms for deductions to be contributed to the incentives fund, as well as to those for the production and social development of the consumer-service enterprises. Here too, however, far from everything is indisputable. If, for example, a repair-man, brigade, or workshop as a whole where he works do not allow violations of the deadlines for fulfilling orders or their spoilage then additional funds are deducted and contributed to the incentive fund. Is this not strange? Because, of course, to work without defects is the service duty of everyone. It is hardly correct to increase bonuses for the absence of defects. Furthermore, if there are no instances of concealing earnings, or, to put it bluntly, the theft of state assets, the scope of incentives also increases.

Now, probably, it is not difficult to be convinced that the remark about the purity of the experiment was justified and in accordance with principle. In order to have the experiment bring about the greatest benefit, it is necessary to show the maximum concern for the interests of the public and not merely for one's own, departmental interests.

Looking from the Outside

In the opinion of I. Dudenkov, RSFSR minister of consumer services, a number of republican and central organs, departments, and ministries have proved to be "unattached" to the experiment. This too has had a negative effect on its results.

Indeed. Deductions from the profits made by participants in the experiment should be conducted in accordance with stable norms. Nevertheless, the financial and planning organs have not established such norms. Here is the RSFSR Ministry of Finance trying to collect the basic portion of the income from the service enterprises. On the other hand, these enterprises cannot utilize the accumulations for their own production and social development. They have the

right and the money for this, but somebody "forgot" to allocate the materials and the contractors for them.

The foundation of all service's successes is material and technical support. But the mood within it is set primarily by the enterprises which manufacture television sets, radios, refrigerators, washing machines, as well as the suppliers of materials, equipment, machinery, mechanisms, fuel, building materials, timber, and a great deal of other things. Nevertheless, far from all of them perform their duties to the service sphere conscientiously, which complicates the work of the latter, and, therefore, also decreases the effectiveness of the experiment which we are discussing.

It is undoubtedly true that supplying the enterprises participating in it may be advantageously distinguished from providing for the other service associations, plants, and factories. And still matters do not stand as we would like them to. Out of 115 principal types of raw materials, other materials, and equipment, during nine months of the year just past requisitions were not completely fulfilled for 64. The workshops and other shops of the Russian consumer services have piled up thousands of unrepaired washing machines, vacuum cleaners, and electric blenders--there is a lack of the necessary spare parts. The Riga Electric Machine-Building Plant (E. Kikas, general director) delivered only 60 percent of such parts. The Sverdlovsk Uralelektrotyazhmash Association delivered even less of them--only 19 percent. A number of plants of the Ministry of the Electrical Equipment Industry (to which the above-mentioned enterprises are subordinate) instead of the 120,000 electric motors for the household appliances which were ordered had shipped out only 59,000 by 1 November. Nor had this matter improved by the year's end.

At first glance, claims in this sense cannot be presented against the Ministry of the Electrical Equipment Industry. They fully supplied the 195,000 color picture tubes allocated to the consumer services for the paid repair of television sets. However, during 11 months of the year just past in sets with unexpired warranty periods (they need to be renovated in the first place) more than 196,000 picture tubes went out of order. Because of this, tens of thousands on which such a warranty period has already expired are waiting to be repaired, and their owners are complaining about the poor organization of the... service workers.

On several occasions the RSFSR Ministry of Consumer Services has directed a request to the leading officials of both ministries to put in order the delivery of spare parts for consumer-type equipment. However, the situation has not changed for the better. Willy-nilly, the enterprises of these ministries have complicated the progress of the economic experiment in the consumer-service field.

Great alarm is being caused by the matter of supplying the consumer-service enterprises with gasoline. The number of motor vehicles in this sector is increasing, albeit slowly, but fuel stocks are steadily decreasing. Ten years ago 4.8 tons of gasoline were issued per year for each motor vehicle, but in 1984 this figure was down to 2.9 tons. Under such a "norm" a truck covers only two-thirds of the daily route assigned to it. It is, of course, necessary to economize on gasoline. But this cannot be done to the detriment of developing service, particularly rural service.

* * *

Since 1 January of the present year the economic experiment has been joined by the consumer services of Lithuania, Latvia, Estonia, Belorussia, a number of oblasts in the Ukraine, as well as another 20 autonomous krays and oblasts of the Russian Federation. Now hundreds of thousands of service workers are laboring under the new conditions. And it is very important to study as deeply as possible the experience of those who were the first to enter upon the path of this experiment. This must be done in order not to repeat their mistakes and to adopt everything which is new and genuinely progressive, everything which they have discovered and mastered.

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CONSUMER SECTOR POLICY AND ECONOMICS

DIFFERENCES OVER KOLKHOZ MARKET SERVICES DEBATED

Moscow IZVESTIYA in Russian 19 Dec 84 p 3

/Questions from readers and answers by V. A. Bogorad, candidate of juridical sciences: "The Kolkhoz Market"; passages in all caps printed in boldface for emphasis in original/

/Text/ Every city has its own kolkhoz market. This is not only the heritage of an age-old tradition but, in many cases, is also a vital necessity--to have recourse to a market counter.

As we know, the Food Program has outlined further expansion of the network of kolkhoz markets, as well as improvement of the organization of trade conducted at them. On the one hand, they must provide favorable conditions for the sale of surpluses of agricultural products by those who produce them, while, on the other hand, they must create convenient facilities for the purchase of these products.

It would seem that these are the simplest relationships: the sellers sell, and the customers buy. However, the contrasts of the market elements often give rise to many legal and moral-ethical conflicts. Certain readers think that trade in these markets ought to be placed within a rigid framework of limitations, and that it should approximate as much as possible the operation of the state trade enterprises. At the same time, other letters express with the same ringing conviction the opinion that there should be no limitations at all. In short, quite a few questions have arisen which require explanations. Just what rules exist today, regulating the relationships between persons on both sides of the market counter? What can be done, and what cannot be done?

Readers' questions are answered below by V. A. Bogorad, candidate of juridical sciences.

"It so happened that I have returned to my home town, and I live in my parents' house. I am a mechanic, but I have always been fond of the land and of animals. And so I have raised a cow and some geese. I am keeping some bullocks in a feeding lot. There is a plot of land on which we raise

everything that our family needs. Sometimes there are surpluses, and I would be pleased to sell them in the market, especially the geese. But, I confess, I am embarrassed to do this. In town all I have heard is: only profiteers trade in the market. But how could I possibly be considered a profiteer if I sell that which I myself have raised?"

N. Kireyev

Leningrad Oblast

Let's proceed in the proper order. WHAT IS PROFITEERING? As stated by Article 154 of the Criminal Code of the RSFSR, it consists of "buying up and re-selling goods or other objects for the purpose of gaining a profit." Profiteering is a dangerous economic crime, inflicting substantial harm on Soviet trade and the interests of citizens. Profiteers are also criminally responsible in those instances where they conspire regarding a "division of labor": certain persons buy up goods for subsequent resale for the purpose of gaining a profit, while others resell such goods. Also recognized as criminal complicity with profiteers is rendering them aid in transporting or storing the goods which have been bought up, in seeking out customers, etc. Let me note that profiteering is considered as petty if it is small in scope, and the profit does not exceed 30 rubles; such acts are punishable by an administrative fine as well as confiscation of the objects of profiteering.

We cannot fail to recognize that profiteering indeed does occur, for the most part, in the markets. Studies of court practice have shown the following: approximately one out of every three criminal cases involving profiteering is connected with buying up and reselling agricultural products, primarily early vegetables and fruits: taking advantage of the inertia of the trade organizations, profiteers buy up such products in the South and resell them in other regions of the country. Taking this into account, the Plenum of the RSFSR Supreme Court in a decree dated 14 December 1982 pointed out the necessity of paying particular attention to cases involving profiteering in agricultural products.

But can we consider a worker who sells in the market products which have been created by HIS OWN labor to be a profiteer? Of course, the answer is NO. This need not even be discussed. I would like to add that, for the same reason, we cannot deem it to be profiteering when products are SOLD which have been ACQUIRED by working as PAYMENT IN KIND for labor or acquired on a farm at a PRIVILEGED price as a BONUS for work.

"I don't know how it is in other cities, but at our Central Market the prices, frankly speaking, are on the high side--in fact, they couldn't go any higher. When winter begins, some obviously hothouse-type tomatoes sell for 10 rubles, while cucumbers are 8 rubles, etc. We wrote to the rayispolkom, inquiring as to whether limits could not be placed on these prices. But they replied to us that there was nothing prescribed in the statutes.... How, then, can we combat high prices?"

D. Adamenkov

Moscow

You were answered correctly: -SETTING PRICE LIMITS on agricultural products being sold in markets is NOT ALLOWED. It is so recorded in the standard rules for trade in kolkhoz markets, as approved by the USSR Ministry of Trade in 1978.

Prices in the market are formed solely on the basis of DEMAND AND SUPPLY (here the law of value is fully operative). And THEY ARE SET BY THE AGREEMENT OF BOTH SIDES--the seller and the customer, which is fully in accord with Article 40 of the Charters of Civil Legislation of the USSR and those of the union republics, where the following is stated: the sale by citizens of THEIR OWN PROPERTY is carried out at prices to be set by the AGREEMENT of the sides involved.

The state does not plan the prices charged at the kolkhoz market. Indirectly, however, it can exert a POWERFUL INFLUENCE on their level--well, let's say, by bringing in a large quantity of goods to a given locality, by lowering the state retail prices, etc.

With regard to attempts to limit the market prices by administrative measures, as practical experience has shown, they have led merely to a sharp reduction of the influx of surplus agricultural products into the market.

"The following thing happened. A sovkhoz truck drove up to the market with a load of apples. The apples were big and beautiful. A line formed immediately at this truck, and then it dispersed just as quickly. What was the matter? It turned out that the price was almost the same as that being charged by the private sellers! I said to the guy who was unloading the boxes: you know, you don't have the right to do this because the sovkhoz is a state enterprise. But he didn't even take the trouble to answer me. And the police did not intervene. That's the kind of situation we have here...."

Lipetsk

S. Glebova

It must be noted that, by itself, a high price on fruit does not thereby testify to the presence of an abuse. The PRICES on products which AGRICULTURAL ENTERPRISES sell in markets are also set BY AN AGREEMENT OF THE SIDES INVOLVED. Such a rule has been reinforced, in particular, in the decree of the CPSU Central Committee and the USSR Council of Ministers, dated 5 August 1982, "On Additional Measures regarding the Expansion of the Sale by Kolkhozes, Sovkhozes, and Other Agricultural Enterprises of Fruit and Vegetable Products to Consumer Cooperative Organizations and in Kolkhoz Markets." In other words, kolkhozes and sovkhozes are NO DIFFERENT from the other sellers in the market. The only peculiarity lies in the fact that the PRICE IS DETERMINED not by the person who is directly selling the products but rather by the kolkhoz BOARD or the sovkhoz ADMINISTRATION. This price is indicated on the way-bill which the seller has.

It is appropriate to add that the above-mentioned decree has likewise provided measures to expand the participation of agricultural enterprises in market trade. These measures are also directed at lowering the level of prices in the markets. Thus, the farms are permitted to sell fruit and vegetable products in the markets (except for table grapes, onions, and garlic) not only in excess of the plan but in amounts ranging up to 10 PERCENT of the plan volume

of purchases. At the present time, moreover, these products are COUNTED toward fulfillment of the plan for state purchases.

But what about the prices? They are set, taking into account not only reimbursing the outlays on producing and selling the products but also profitability, which ensures the interested motivation of the farm. Also taken into consideration, naturally, are the business conditions which have taken shape for trading in the market in the given locality--supply and demand, the possibilities of rapidly selling highly perishable items, etc.

"For the first time in my life I traded in the market. It turned out that on the side of the counter where I was standing you also have to pay for everything. Your own scales, apron, oversleeves--you cannot do without any of this. They give you everything in the market--but you have to pay for it. Furthermore, there is a kind of tax which they collect every day.... In general, you should be your own bosses. Is that correct?"

A. Zhilin

Gorkiy

With regard to your own personal, special work clothes and trading stock of equipment, it is, indeed, forbidden to use them. A seller is obligated to use the SANITARY clothing ISSUED by the market. The following trading equipment is also issued for hire: scales, weights, measuring cups, forks, trays, etc. These and other services, about which the reader writes, are offered for a fee, but this fee is STRICTLY defined.

It is also true that the directors of a market get a ONE-TIME COLLECTION from the traders for EACH DAY of trade. This collection IS NOT TAKEN from organizations or citizens occupying at the market spaces or rooms specially allocated to them in accordance with agreements made with the directors. Likewise freed from paying the collection fee are the sellers of wild fruits, nuts, mushrooms, and berries.

In passing, let me note that you, Comrade Zhilin, were certainly NOT OBLIGATED to sell your own goods YOURSELF. In accordance with the decree of the CPSU Central Committee and the USSR Council of Ministers, dated 5 August 1982, the creation of a BUREO OF TRADE SERVICES is now being extensively practiced at kol-khoz markets. The buro workers consist of the staff of directors, and they occupy themselves with selling the products which have been brought to the market.

"Here is something which disturbs me. When the mushroom season arrives, you can't even force your way onto the buses which go out of town. And then you encounter many "mushroomers" in the market. In my opinion, they are just earning a little money in order to buy a bottle. Some of them have already gotten pretty well "smashed." Just why do they allow them into the market? I have long had the impression that whoever wants to trade in the market can do so...."

A. Mikheyeva

Kaluga

You are wrong in thinking that the assortment of market trade is unlimited. For example, IT IS FORBIDDEN for citizens to trade at the market in alcoholic beverages of all kinds. Citizens must not trade in field flowers or medicinal plants. Now about mushrooms. People are welcome to trade in fresh and dried mushrooms. But pickled or marinated (homemade) mushrooms are not allowed to be sold.

Which citizens can trade in the market? Whoever wants to, except for adolescents LESS THAN 15 years of age. There are no other exclusions with regard to citizens.

But as regards to instances of persons appearing behind the counter in a state of drunkenness, which you, Comrade Mikheyeva, have observed, they must be REPORTED, FIRST OF ALL, to the market administration; a seller who is not sober must be removed immediately.

It is important to note that the law codes of the union republics CONCERNING ADMINISTRATIVE VIOLATIONS now include an article with the following title: "Violation of the Rules of Trade at Kolkhoz Markets." For example, Article 149 of the RSFSR Code, which goes into effect on 1 January 1985, has provided for a warning or the imposition of a fine ON CITIZENS amounting to 10 rubles and a warning or the imposition of a fine ON OFFICIALS amounting to as much as 50 rubles.

"...My neighbor, among other things, is a genuine private entrepreneur. It's O.K. that he is endlessly hammering, sawing, and filling the air with the smell of paint. But who permitted this 'skilled craftsman' to open an entire toy factory in his house? At least he should turn over his items to the state. But he drags all these things to the market. And, obviously, he is being given 'free rein' because he is not arrested there. It's bad enough that he himself is trading there, but he has also involved his family in this commerce...."

I. F-nov
Ivanovo

You must calm down. What you are talking about CANNOT be considered as private enterprise. According to the USSR Constitution (Article 17) our country permits individual labor activity in the sphere of cottage-type, handicraft industries, agriculture, and everyday services to the public, as well as other kinds of activity, based EXCLUSIVELY ON THE PERSONAL LABOR of citizens and members of their families.

Only engaging in CERTAIN kinds of cottage-type, handicraft industries is PROHIBITED. A detailed list of such industries is contained in the Statute on Cottage-Type, Handicraft Industries of Citizens, as approved by a decree of the USSR Council of Ministers, dated 3 May 1976. Throughout the entire territory of the USSR citizens are prohibited, in particular, from PROCESSING PURCHASED agricultural and other food products. Nor are they permitted to: make items out of the skins of valuable, fur-bearing animals, subject to MANDATORY TURNOVER to the state; duplicate any kind of printed or photo products; circulate phonograph records, motion pictures, or magnetic tapes; manufacture lathes or lasts for orders and medals, badges or counters; make perfumes or cosmetics; any medicines or medical supplies; items made out of precious metals, precious stones, amber, or made with the use of such materials.

I particularly wish to underscore the following point: THE ABOVE-CITED LIST IS NOT EXHAUSTIVE. Engaging in a prohibited industry brings about administrative and even criminal responsibility.

Of course, engaging in an industry at home, even though permitted, must not create inconveniences for the neighbors; this is monitored by the office of sanitary inspection.

Cottage-type craftsmen can sell their own items in kolkhoz markets. But, in connection with this, they must have registration certificates for making and selling such handicrafts items. Together with other requirements, these certificates must indicate the FAMILY members taking part in the industry, along with the MARKETS where the items are to be sold. ITEMS made from agricultural products produced on ONE'S OWN PRIVATE FARM may be sold WITHOUT registration certificates.

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CONSUMER SECTOR POLICY AND ECONOMICS

STATISTICS ON HOUSING, RETAIL TRADE TURNOVER FOR 1983

Moscow VESTNIK STATISTIKI in Russian No 11, Nov 84 pp 65-66

[Text] 3. Housing Construction in 1983

	Apartments built by state and cooperative enterprises and organizations, the population and kolkhozes		Apartments built per 1,000 persons of natural population growth, in units
	Number of apartments, in thousands	Average floor space, ² 1,000m ²	
USSR	2,030	112,444	790
including, by city:			
Alma-Ata*	10.8	513.1	1,167
Ashkhabad	2.1	148.4	427
Baku*	10.9	600.7	558
Vilnius	4.6	238.8	942
Gorky	11.7	566.2	2,018
Dushanbe	3.8	173.3	472
Dnepropetrovsk	12.2	585.3	1,942
Donetsk	6.7	385.6	1,486
Yerevan	7.1	434.3	478
Kazan	8.3	435.8	1,201
Kiev	25.8	1,260.1	1,200
Kishinev	5.2	261.6	643
Kuybyshev	9.8	470.7	1,803
Leningrad*	32.4	1,635.7	2,755
Minsk*	15.4	803.7	720
Moscow*	59.3	3,342.6	2,809
Novosibirsk	10.8	562.2	1,068
Odessa	7.8	377.8	2,476
Omsk	10.5	584.4	939
Perm	7.4	365.1	1,001
Riga	6.1	355.7	2,111

[Table continued on following page]

	Apartments built by state and cooperative enterprises and organizations, the population and kolkhozes		Apartments built per 1,000 persons of natural population growth, in units
	Number of apartments, in thousands	Average floor space, 1,000m ²	
Sverdlovsk	11.4	607.1	1,257
Tallinn	5.4	272.5	2,230
Tashkent	21.2	826.2	960
Tbilisi	10.1	588.7	1,172
Frunze	3.8	198.5	664
Ufa	6.8	353.2	706
Kharkov	13.2	670.5	1,894
Chelyabinsk	8.4	427.8	955

*Including urban communities subordinate to the city soviet.

4. Available Urban Housing at the End of 1983

	Thousand square meters of total (useable) housing space		Thousand square meters of total (useable) housing space
USSR	2,416,459	Leningrad	79,111
including, by city:		Minsk	19,712
Alma-Ata	13,872	Moscow	141,368
Ashkhabad	3,673	Novosibirsk	17,777
Baku	18,478	Odessa	14,422
Vilnius	7,530	Omsk	14,540
Gorky	19,813	Perm	13,236
Dnepropetrovsk	16,765	Riga	14,108
Donetsk	15,673	Sverdlovsk	18,045
Dushanbe	5,927	Tallinn	7,798
Yerevan	13,184	Tashkent	21,501
Kazan	13,690	Tbilisi	15,970
Kiev	36,306	Ufa	12,363
Kishinev	7,507	Frunze	7,003
Kuybyshev	17,025	Kharkov	22,035
		Chelyabinsk	15,170

5. Retail Trade Turnover in State and Cooperative Trade, Including Public Catering, and the Number of Enterprises in Retail Trade and Public Catering in 1983

	Retail trade turnover		Enter- prises in retail trade, in units		Retail floor space in stores		Enter- prises in public cater- ing, in units		Number of seats in public cater- ing enterprises	
	Millions of rubles	Rubles per capita	Total,	in 1,000m	2 per persons	Total, in 1,000m	2 per persons	Total, in thou- sands	Units per 1,000 persons	
			Enter- prises in retail trade, in units	1,000m	2 per persons	Enter- prises in public cater- ing, in units	1,000 persons	Total, in thou- sands	Units per 1,000 persons	
USSR	305,840	1,122	699,857	49,835.7	1,820	320,831	19,226.5	702		
including, by city:										
Alma-Ata	1,455	1,400	1,859	154.5	1,471	1,088	81.8	779		
Ashkhabad	441	1,275	630	44.2	1,261	335	22.6	645		
Baku	1,748	1,060	3,512	229.0	1,378	1,890	125.1	753		
Vilnius	955	1,802	708	81.4	1,520	655	55.5	1,037		
Gorky	1,817	1,300	1,997	212.5	1,512	1,368	122.1	869		
Donetsk	1,553	1,426	1,757	190.0	1,736	1,088	85.7	783		
Dnepropetrovsk . . .	1,420	1,252	1,494	150.8	1,323	1,162	105.5	926		
Dushanbe	681	1,254	948	80.4	1,468	658	44.3	809		
Yerevan	1,318	1,178	2,007	142.9	1,266	1,288	87.1	771		
Kazan	1,283	1,239	1,385	159.7	1,537	1,188	89.6	863		
Kiev	3,826	1,601	3,034	359.7	1,489	2,283	215.6	892		
Kishinev	1,120	1,863	926	99.3	1,619	714	59.8	974		
Kuibyshev	1,437	1,135	1,718	186.8	1,472	1,285	96.3	759		
Leningrad	7,678	1,598	6,885	685.6	1,420	4,855	465.4	964		
Minsk	2,258	1,566	1,438	210.0	1,438	1,256	125.9	862		
Moscow	20,962	2,466	10,044	1,596.6	1,870	8,322	808.5	947		
Novosibirsk	1,635	1,165	1,463	166.0	1,178	1,229	99.1	703		
Omsk	1,325	1,207	1,346	160.7	1,441	1,302	99.6	892		
Odessa	1,468	1,329	2,013	150.9	1,357	1,255	99.9	898		
Perm	1,223	1,163	1,169	143.6	1,358	1,171	93.6	886		
Riga	1,646	1,889	1,794	128.0	1,462	1,068	95.9	1,095		
Sverdlovsk	1,783	1,349	1,652	177.7	1,336	1,365	116.2	874		
Tallinn	974	2,069	827	65.4	1,382	699	54.3	1,147		
Tashkent	2,461	1,249	3,115	229.4	1,152	1,928	156.8	787		
Tbilisi	1,506	1,325	2,009	162.1	1,418	1,388	94.0	822		
Frunze	722	1,238	742	76.3	1,293	604	48.3	818		
Kharkov	2,035	1,332	2,140	218.9	1,426	1,669	156.3	1,018		
Chelyabinsk	1,332	1,203	1,378	166.8	1,500	1,201	94.8	852		
Ufa	1,239	1,190	1,328	144.4	1,378	953	76.6	731		

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FOOD PROCESSING AND DISTRIBUTION

CONCERN OVER EGG CARTON PACKAGING DEFICIENCY

Moscow SEL'SKAYA ZHIZN' in Russian 30 Nov 84 p 3

[Article by O. Korinov: "By Fate's Irony..."]

[Text] The letter prompted the topic "Whenever I've asked for a package for eggs in a store (sometimes there is nothing to carry them home in), they have always given it. But recently I was refused. 'It is not authorized,' said the salesperson, which greatly surprised me. You know, judging from the way packagings are handled in stores, there are more than enough. At one time it was fashionable to cover walls and even ceilings with egg cartons. It is interesting: did the salesperson have the right to refuse me a package?" O. Kurguzov, accountant.

"There is not enough packaging," announced director of USSR Ptitseprom [expansion uncertain], I.A. Bakhtin. "The growth rate of egg production has by far outstripped the output of packaging for them. Egg output increases annually by 2 billion for which about 67 million egg cartons are accordingly needed. But where do you get them?"

There is really nowhere to get an additional millions of cartons because there are not enough capacities. The available equipment is working at full force and is unable practically, to product more. The USSR Minlesbumprom [Ministry of the Timber, Pulp and Paper, and Wood Processing Industry], for example, whose share is about 44 percent of the total volume of egg carton output, has added only 3.6 million to the plan over the last 5 years. Obviously, production must be expanded. However, not everyone thinks so.

"As far as I know, the question of increasing egg carton production has not been raised in our ministry," said I.A. Litvinova, deputy chief of the Department of Planning for the Pulp and Paper and Wood Chemical Industry of the Main Administration for Economic Planning of USSR Minlesbumprom. "In general, we do not have any problems with them."

V.N. Rozin, deputy chief of the production administration for the pulp and paper and wood chemical industry of USSR Minlesbumprom, and director of the production organization department, began the discussion with the question,

"What is being talked about here? Small-scale production." And further on he repeated I.A. Litvinova's statement, almost word for word.

At the Ptitseprom, I was shown a thick file of official correspondence which was devoted to the lack of packaging for eggs. There was a letter there from 31 January 1974 which was directed by the then deputy minister of the pulp and paper industry, G.F. Pronin (he is now deputy minister of the timber, pulp and paper and wood processing industry) to the former deputy chairman of the board of the Central Union of Consumers' Cooperatives. Several enterprises where it was being planned to install capacities for egg carton production were named in the letter. It was projected that, together with the already existing enterprises, they would give the country 700 million containers annually. For comparison, let us cite this year's planned number: 290.6 million.

And here is a letter from Mosgiprobum [Moscow State Institute for the Planning of Pulp and Paper Industry Enterprises], dated 1979. The institute asked the USSR Ministry of Agriculture to give information about the need for packaging in the coming years. Such information was given. It was stated, in particular, that 350 million egg cartons (given one-time usage) and 2.3 billion egg cases would be needed in 1985.

I telephoned V.I. Mudrik, deputy chief engineer of the Moscow State Institute for the Planning of Pulp and Paper Industry Enterprises. He thinks "it is better to buy equipment overseas than to build our own shops. Our machine builders have no experience in developing such equipment."

Apparently, this point of view is shared by production workers who have not worried about developing a domestic line for producing egg cartons. The equipment was purchased overseas from the Danish firm "Hartmann". The Danish machines turned out the first million packages in 1972. During 1980, they operated at full capacity and 292 million cartons for packaging eggs were produced at four enterprises: the Kashira experimental factory for cardboard and paper products; the Zhidachov pulp and cardboard plant; the Vilnius plant for fiber products; and the Kishinev combine for cardboard products. Such an indicator has become a maximum and it is already several years that production has essentially not grown.

"Additional equipment must be purchased abroad," N.I. Lykov, chief of "Soyuzglavtara" [possibly Packaging Industrial Association] drew the line. "If the USSR Minlesbumprom had thought over the problem earlier and resolved the problem of producing the necessary technology with the machine building ministries, we would have had Soviet-made equipment today."

And meanwhile, measures need to be taken at "Soyuzglavtara" for the re-using of packaging.

"The plans for the material and technical supplying of packages to poultry farms stipulate that packaging must move between farm and store no less than three or four times. This is not altogether convenient for the farm or the store," noted the deputy chief of a "Soyuzglavtara" department, G.S. Kolobova.

"Not in the least, I would say," I.A. Bakhtin continued the conversation. "Fragile packages are not especially pampered in the stores and they are often stored in damp places or out in the open. Besides that, in order to release the packaging, you have to sell the contents. And this is not always simple to do. Several million eggs constantly wait their turn at storehouses. So part of the packages are returned to the poultry farms with a significant delay. Part is not returned at all. And, finally, it is impossible to subject paper packaging to a wet disinfectant. I am certain that packaging must be for one-time use."

In conclusion about service.

"We are trying not to give packaging to customers," I.P. Moor, director of store No 5, of the Baumanskiy rayon food trade administration, Moscow, told me. "But if a seller really asks for it, he will not be turned down. You know, it happens that a person does not have anything to carry his purchase in."

"And who takes the loss in this case?" I asked.

"The store," answered I.P. Moor. "But the losses are quite insignificant."

"The problem can be easily solved," says I.A. Bakhtin. "Deliver the eggs to the trading network in packaged form in cases. But to do this, Minlesbumprom must adopt the appropriate decision and set up their production at their enterprises. The position of this ministry's employees is known, however. In the meantime, cases for 200 million eggs are being produced. But this is really a small part of the total volume. In addition, the cases are thin and no good. They are made using primitive methods."

I would like to recall this embellishment from the director of Ptitseprom, USSR: the egg is a well-packaged drugstore. Actually, there are more than enough vitamins in an egg. But by fate's irony, these well-packaged vitamins are often not packed in anything.

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END